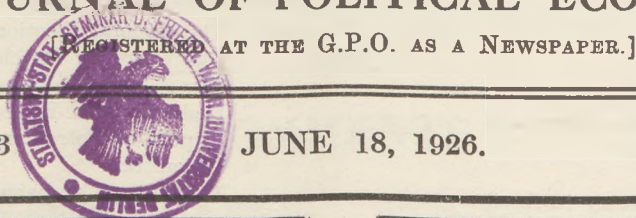


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A REVIEW OF THE FOREIGN PRESS
AND
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COMMENTS

MONSIEUR RAOUL PERET, the eighth of a row of unfortunate French Ministers of Finance since the last election, has resigned, giving as his reasons the fall of the franc and "the absence of a certain essential support on which the Government was entitled to count." This phrase is generally understood to mean the Minister's failure to secure a portion of the Banque de France's gold reserve which he wanted to use as a pledge for further credits abroad. It is curious that at the very same time Mr. Winston, Under-Secretary of the American Treasury, expressed his opinion that the complete separation of the Banque de France from political powers was essential. This shows once more the confusion of opinions with regard to the best course to be taken in order to put France's finance in order. So far, unfortunately, there is little hope of anything positive being achieved in that direction. All the mistakes made by Germany in 1920-1923 are being repeated one after the other, and the latest addition to the long list of them is the coming restriction of imports. Following upon M. Pêret's resignation the whole of the Cabinet has also resigned. What will be the outcome of this crisis it is hard to say. One thing is clear, however. Whoever will be the next Minister of Finance—whether it is Monsieur Caillaux or Monsieur Poincaré—the task to be accomplished by him is bound to be a pretty hopeless one, unless there is a complete change in the internal political situation of France.

On Tuesday, the 15th, the French franc touched a new low "Record," viz. 180.85 to the pound. Three weeks earlier the threat of a Government intervention had brought it back to 141 francs to the pound, and this after it had reached the previous lowest "record" of 178 only a few days before. It appears, then, that in spite of these wild fluctuations the avalanche cannot be stopped, as little as it could be at the time in other countries like Germany, Austria, Hungary and Poland, which suffered from the same disease. If anything, these fluctuations are more likely to shake the confidence of their Nationals than to restore it by attempts of successive governments and their finance ministers to support the franc at what hitherto proved to be a useless and unpardonable waste of substance. Belgium does not appear to be very much better off, although she has not got the problem of foreign debts to contend with. It is perhaps a blessing in disguise that the large credits from the United States were not obtainable, and the country will be forced eventually to balance her budget and stabilise her currency by her own means and efforts. On Tuesday, the 15th, the quotation was Fr.176 to the pound. Italy is not a self-supporting country; she must import foodstuff and pay for it in gold. The restriction of immigration into the United States is another reason of the passive trade balance. The thrifty Italian labourer in the U.S.A. who used to send all his savings back to his own country has to remain at home and has to be fed by imported food. It is a known fact that before the war these savings were responsible for the sound financial position of that

country. Further, the internal social and political conditions are not liked abroad and reflect on the rate of exchange. At the moment of going to press lire were at 138 to the pound. Milreis is forging its way to a higher level. The economic conditions are constantly improving. The State finances are considered as good. The rate is now 7 11/16 against 5½ less than a year ago and the stabilisation at 9d. or even higher is the serious endeavour of the Government. Buenos Aires Peso at 45½d., after less than 39d. 18 months ago is well nearing parity (47½d.). The prosperity of Argentina with her unlimited possibilities is well known, and is visible in the record traffic of her railways.

THE war, and more particularly the years following the armistice, gave rise to a multiplicity of catchwords more or less appropriate, more or less intelligible, which at any rate saved the man in the street much expenditure of thought and a good deal in the way of explanation. The term now all the rage in political and economic discussions is the much abused word "inflation," which is supposed to describe tersely a condition of things in the economy of various countries. M. P. Landowski, writing in the *Paris Eclair*, ridicules the attribution of novelty to this post-war development. Inflation, as he points out, can be traced back to very ancient times, and a notorious instance in later Roman history is indicated by the famous tax on public conveniences introduced by the Emperor Vespasian, on the mistaken assumption that "money does not smell," to remedy the financial crisis caused by the insane prodigality of Nero and Caligula. Similar crises in more modern times occurred under Louis XI., Henry III. and Louis XV. in France, while the War of Independence in the United States ended in a catastrophic crash in which, following a reckless issue of paper money, a pair of boots cost 36,000 francs and a supper for four 50,000 francs. The inflation crisis of 1789 to 1797 produced by the French Revolution resembles perhaps more closely the recent crises in Germany, Austria, Poland and Rumania. Necker started it, after the issue of State loans and appeals for patriotic subscriptions to the amount of one-fourth of the individual income had proved futile, by proposing a State-guaranteed note issue by the Caisse d'Escompte, transformed into a National Bank. This was eagerly seized on by the Constituent Assembly and considerably amplified: alienation of national property to the extent of 400 millions was enacted, and the outrageous issue of assignats, which were poured out at such a rate that the paper currency in 1796 reached a total of Fr.45,578,000,000. The depreciation of this circulation amounted eventually to as much as 97 per cent. of its face value in spite of the "compulsory legal rate" proclaimed. The situation was aggravated by further private paper issues and by the flooding of the French market with spurious assignats forged in England. This state of affairs only came to an end on the 9th of Thermidor, when the Directory took the heroic step of issuing territorial warrants exchangeable at par for

sections of land the value of which had previously been fixed. The utter failure of this measure led to State and general bankruptcy. And yet there were those who openly exalted as a public blessing the general levelling down of means which was the natural and logical outcome of the crisis. M. Landowski, however, wishes to put his readers on their guard against too close comparison, seeing that history never repeats itself literally. For this reason, he concludes, it is impossible to forecast the manner in which the present financial crisis in France will be solved: the one thing necessary is that it should be solved, and everything, he thinks, points to an early solution.

THE Reichsbank has lowered its discount rate from 7 to $6\frac{1}{2}$ per cent., and in his explanation of the move, which came somewhat as a surprise, Dr. Schacht drew attention to the fact that the demand on the resources of the Reichsbank had considerably decreased during the last two months. At the end of March, bills, cheques and advances on securities amounted to Rmk.1,707 million, including bills re-discounted. The corresponding figure for the end of May was 1,369 millions, or Rmk.338 million less than two months ago. This decrease is accounted for, in the main, by a reduction in the volume of domestic credits granted by the Bank. It was further stated that the rates for call money, monthly loans, private discounts and commercial bills have likewise gone down. Although some of the factors contributing to the easiness of the money market are considered to be of a passing nature, the Reichsbank wished to adjust its rate to the interest rates obtaining in the open market, and to afford German business at large the several advantages of a lower discount rate. Owing to the unsettled state of monetary and economic conditions in general the rate has only been lowered to the extent of $\frac{1}{2}$ per cent., and any further reduction, which is not improbable, must depend upon developments during the next few weeks. The latest bi-monthly statements of the German Credit Institutions, State Banks and Municipal Clearing Banks (*Girozentralen*) show that, in the months of depression, the increase in deposits was larger than during the previous period. This is the more remarkable since it may be assumed that, in view of the decline in interest rates, foreign credits have been re-paid on an increased scale while, at the same time, the drain caused by new loans issued in the domestic investment market has been unexpectedly heavy. Deposits with the greater banks have increased by Rmk.202 million, while the increase for all the banks included in the returns aggregate 281 millions. Deposits with the *Girozentralen* are Rmk.124 million higher, and those with the Federal and State Banks have risen by 45 millions. The former tend to place all their available funds in long-term investments, a fact which may be taken to indicate satisfactory development.

ACCORDING to the monthly report of the Prussian Chambers of Commerce, economic conditions in Germany during the month of May show little or no change from conditions obtaining in the preceding month. Although sales of coal are reported to have increased a little, the difficulties with which a number of mines are faced have not been overcome, and more miners have had to be discharged. The number of unemployed receiving the dole dropped 2 per cent. in the first two weeks of the month, but the figure still includes 1,743,000 people. Progress would seem to be very slow in coming to the cotton trade. At the last meeting of Cotton Traders and Spinners at Stuttgart on June 2, it was stated that the prices of yarns and tissues had remained unchanged since the middle of the preceding month. This was taken to indicate that the downward movement on the German cotton markets had now, perhaps, been brought to a standstill. In the building trades activity during May did not realise expectations. There is no shortage

of premises for offices and trading purposes, supply is in excess of demand, and no new buildings are in construction. Last month's sales of potash were satisfactory, considering that this is the slack period of the year. The number of insolvencies decreased during the month of May, though at a slower rate than in April. Bankruptcies declined 19.3 per cent. and receiverships 22.2 per cent., thereby reaching the lowest figure since October last. Moreover, during May 1,026 cases were withdrawn from the hands of the receiver, which figure exceeds by 317 the number of new orders made in the course of the month.

THE speech made by Count Volpi, the Italian Minister of Finance, in the Senate has made a noteworthy impression, and the newspapers and financial circles are pointing out that the budget he is initiating will prove one of the most remarkable recorded in the history of the kingdom. An important point is considered to be that which seeks to limit the public debt to ninety milliard lire. The receipts of the State, the Provinces and the Communes provide annually approximately 25 million lire, while the revenue of the country may be computed at a figure somewhere near 125 million lire. The public debt, therefore, only corresponds to four-fifths of the national revenue for one single year. Count Volpi also laid much stress on the point that when considering trade balance, account should be taken of emigrants' remittances, amounting roughly to three milliard lire, and the money spent by foreign tourists, over three milliard lire, as well as the very considerable profits shown by the mercantile marine. The latter has increased to 3,270,000 tons gross, as compared with 1,800,000 before the war, notwithstanding the scrapping of old vessels. With regard to the exchange problem, Count Volpi said that it should be borne in mind that the Italian lira was a sound currency, belonging to a sound, orderly and very industrious country. As regards the various staple industries in Italy, the position in the textile trade, at the moment, remains unchanged. Cotton mills continue to work at full time completing orders already on hand, while various sections of the wool industry remain normally active. The chief disturbing factor is discoverable in the unsatisfactory demand from overseas, while the question of the exchange had also to be reckoned with in connection with the adjustment of local prices to those ruling for the raw material. In silk, while some of the spinning mills have had to resort to short time, conditions on the whole are quite satisfactory. Here, again, the exchange made business difficult, but holders displayed a tendency to raise prices in the hope of securing increased profits, while buyers were reluctant, especially in respect of forward transactions, fearing to repeat last season's experiences.

AN agreement was reached last Tuesday between Signor Mussolini and M. Manoilescu, the Rumanian Under-Secretary of State for Finance, for funding the Rumanian war debt to Italy, which amounts to 157,000,000 lire. The payment of this sum is to be made in fifty yearly instalments at a low rate of interest. Both Governments have agreed to take steps to increase trade between the two countries, and the terms agreed upon take into consideration the special oil needs of Italy. The Italian Government, on its part, is reported to have authorised the Italian oil companies to grant a loan of 200,000,000 lire to the Rumanian companies, this loan to be redeemable in ten years and with an interest of 7 per cent. per annum.

THE Press and the Public seem to have suddenly awakened to the fact that the Soviet Government never misses a chance of stirring up trouble in this country. A great amount of fuss is being made over the "red gold" business, as if this were the first instance of

(Continued on page 493)

SPECIAL ARTICLES

GOVERNMENT RESTRICTIONS AND THE
FRENCH NATIONAL BALANCE-SHEET.

By PAUL APOSTOL.

The decision of the Government to carry out a scheme of restrictions is keenly discussed in the French Press. Generally speaking, it has been received with a feeling of sympathy, but at the same time with a certain amount of scepticism, arising probably on the one hand from the opposition of French public opinion, imbued with the spirit of liberty, to all manner of control, and on the other hand from the very poor results obtained from the 1920 attempt in that direction. Moreover, as appears from statements made by various members of the Cabinet, the Government has no intention of directly controlling consumption by the introduction of bread, sugar, or other such cards. According to a statement made by a member of the Ministry to the *Temps*, the proposed restrictions will apply chiefly to imports. But of course they will not affect the commercial relations which the Government has entered into with other countries and which are based on treaty rights.

Seeing that it is a question of restricting imports, the aim of the Government of course is to improve the balance of trade and consequently the general balance of the national accounts, of which it is one of the most important parts. The demand and offer of francs in so far as they are not caused by speculation depend directly on the balance of the national accounts. This balance, apart from speculation, is therefore the determining factor in the rates of exchange.

The general balance of the national accounts, so far as the exchange is concerned, is important from two points of view: first, from the point of view of the means by which the balancing of the accounts has been carried out in the past, and secondly, from the point of view of the actual state of the balance of accounts.

As is well known, during the war and especially during the first years after the war, the foreign trade of France showed very heavy deficits. The Customs official statistics estimate these deficits at a total of 117 milliard francs for the period 1914 to 1923. These figures have frequently been challenged. For instance, during the war the imports effected by the French Government were valued by the Customs at the market price, without taking into account the considerable discounts obtained by the Government from the suppliers; since 1920 the value of the imports has been estimated on the basis of the home prices, i.e. including carriage, insurance, merchant's profits, etc.; again, the French colonies are included among foreign countries, although their legal tender currency, except in the case of Indo-China, is the French franc, etc., etc. Thus the French political economist, M. Pierre Meynial, after repeated revision, has arrived at the following results with regard to the foreign trade of France for the period 1914 to 1923:—

Excess of Imports over Exports.

1914-18	...	...	Fr.47,284 million
1919	...	...	20,290 "
1920	...	...	20,020 "
1921	...	...	2,295 "
1922	...	...	2,552 "
1923	...	...	2,177 "
Total	...	...	Fr.94,618 million

Further, by eliminating the colonial trade (with the exception of that of Indo-China) as not forming part of the French foreign trade from the point of view of currency for the purpose of exchange, and taking into account, on the other hand, the movements of precious metals, M. Meynial ends by fixing the adverse foreign trade balance of France for the period 1914 to 1923 at about Fr.85 milliard. This deficit has only been covered to a small extent by the credit items in the balance-sheet (foreigners' expenditures, freights, insurance, etc.). How

then was the remainder covered? By loans negotiated by France abroad, by advances made by the Allies, and by the sale of a very large part of her holding of foreign bills. But these means were not sufficient. To cover the balance it became necessary to sell francs by opening credit accounts in francs for the benefit of foreigners. In this way foreigners came into possession of large amounts of francs. M. Decamps, Director of the Service of Economic Studies of the Bank of France, and author of a well-known work on the Exchange, calls these credits "speculative credits" because they have been established by foreigners by speculating on the rise of the franc, and because they throw them on the market every time that their faith in the rise of the franc diminishes. It is in this way that foreigners, thanks to these "speculative credits," are so to speak constantly subjecting the financial situation and even the policy of France to a referendum, and that at any moment they are in a position to influence the rate of exchange of the franc, apart altogether from the effect that the balance of the national accounts has on those rates. This is a very ingenious theory, only it is impossible to establish the importance of these "speculative credits." M. Decamps and Professor Germain Martin have both estimated these credits at a very large amount. M. Meynial, on the contrary, to whose views we have already referred, is of the opinion that these credits have not been so very considerable and that the excess of assets over liabilities in the national balance-sheet for 1924 has made it possible almost to absorb them. It is certain, however, that foreigners are still holders of "speculative credits" to a large amount. The very latest movements in the rates of exchange of the franc which take place in spite of the very high contango rate go to prove that the speculators are not operating without cover, but have francs to their credit. Thus we see the importance of the question of the general balance of the national accounts during recent years.

But what is the present position? Is the French balance of accounts favourable or adverse? This is an extremely important question in view of the problem of the stabilisation of the franc. It is only within the very last years that the question of the French balance of accounts, which was distinctly favourable previous to the war, has been subjected to serious consideration in France. There are several works on the trade balance of France in 1923 and in 1924—M. Meynial's, already referred to, those of M. Decamps, and those edited by the Société d'Etudes et d'Informations Economiques and by the National Bank of France for the development of foreign trade. M. Meynial's work is the most exhaustive.

It is certain that the general balance of the national accounts of France for the year 1924 showed a very considerable surplus of assets over liabilities. As a matter of fact, in that year exports, encouraged by the fate of the franc, exceeded imports by over Fr.1,300 million. M. Meynial estimates the money expended by tourists in France at about Fr.5 milliard, the profits of freights at Fr.1,500 million, the German reparation payments at Fr.2,500 million (this last estimate is too high). The income from foreign securities must be put at Fr.2,500 million. To these items on the assets side has to be added Fr.1,650 million of the loan negotiated in 1924 with the American banks. The whole of these items on the credit side give a total of Fr.14,200 million, whereas the sum total of the items on the debit side should not exceed Fr.5 milliard, according to M. Meynial. The result therefore for 1924 should show a credit balance of Fr.9 milliard. The position must have been much the same in 1925, as the foreign trade yielded a surplus of Fr.1,433 million, while the influx of foreigners into France also increased.

The position in 1926 from the point of view of foreign trade was reversed, and during the first four months of the year imports showed an excess over exports of

Fr.2,252 million. This surplus may, perhaps, be greater still if it is true that, in spite of the measures taken by the Government, a certain proportion of the bills obtained by exporters for the goods exported has not been returned by them to France, but remains in their hands abroad.

But on the other hand the moneys expended by foreign tourists in France must certainly have exceeded Fr.5 milliard. This appears from the results of various enquiries into the question as published in the *Matin* of June 4, 1926. Some people even estimate these "invisible exports" (tourists' expenditures) at as much as Fr.15 milliard a year.

If we take into account the other items on the credit side of the French balance of accounts, it may safely be asserted that, in spite of the trade deficit for the first few months of 1926, there is a good chance that the national balance of accounts for the whole year may not show a deficit, even should there be no improvement from a trade point of view.

Thus it will be seen that the question of restrictions is very closely connected with that of the balance of accounts. If the balance is favourable the restrictions will prove useful inasmuch as they will swell the credit balance of the account and therefore improve the rate of exchange of the franc; if, on the other hand, the balance is adverse, the restrictions will be absolutely necessary. If in the near future stabilisation can be achieved even with an adverse balance (with the help of credits obtained abroad), later on a credit balance will become indispensable as a very basis of stabilisation.

THE MARKET FOR AGRICULTURAL MACHINERY IN RUSSIA.

By Dr. FRIEDRICH KLAU.

Before the war Russian agriculture annually consumed about 120 million roubles worth of agricultural machinery. The greater part of this machinery had to be imported, for home production was not able to meet the whole demand. With the beginning of the great war the import of machinery came to an end, while home production decreased rapidly. In the ten years 1914 to 1924 only 15 per cent. of the total demand of Russian agriculture, which amounted to about 1,200 million roubles, was covered. The uncovered balance must be valued at about 1,000 millions. During the last few years great efforts have been made in Russia to cope with the scarcity of agricultural machinery, but home production can only be increased gradually, and, the need of machines being urgent for some time to come, Russia must import considerable quantities of them. The Soviet Government, however, regards this importation as a mere shift, as a passing phase of the economic development, and Russian economic politicians hope in a few years to be able to meet the whole demand of the home market from home production.

The minimum demand of the country for the current year 1925-26 is estimated at 120 to 135 million pre-war roubles. Of this demand 60 per cent. at most can be met by home production, even if the output is enlarged by the Government as projected. Such an increase means that last year's production is to be doubled. The Government plans to produce in the current year :—

	In thousands.	In millions of pre-war roubles.
Machines and implements for cultivation	1,555.2	25.3
Corn drillers	51.7	8.3
Reaping machines	115.0	17.6
Scythes	3,373.0	2.0
Sickles	1,000.0	0.3
Thrashing machines	51.5	8.3
Corn cleaners and corn fans	73.3	3.8
Miscellaneous machines	—	14.7
Total	—	80.3

If we put the quantity of the pre-war output in each case at 100, then the annual output as compared with 1913 was :—

	1924-25.	Projected for 1925-26.
Machines for cultivation	82.0	168.8
Corn drillers	38.0	88.1
Reaping machines	54.0	118.7
Scythes	2,700.0	4,400.0
Sickles	23.5	40.0
Thrashing machines	36.8	96.0
Corn cleaners	116.0	199.8
Reserve parts	51.0	48.9
Total	62.1	122.5

While in the current year with a production of 80 million roubles about 60 per cent. of the most pressing needs will be covered, the plan of industrial reconstruction aims at the full supply of the home market by home production within the next few years. The increase of production is to be rendered possible on the one hand by enlarging old factories, on the other hand by building new ones. For this purpose it is proposed to lay out 72 million roubles. The output will be increased as follows :—

Output in millions of roubles.

Year.	Old works.	Works to be built.	Total.
1925-26	76.7	—	76.7
1926-27	84.2	10.8	95.0
1927-28	88.0	29.9	117.9
1928-29	92.0	41.5	133.0
1929-30	96.0	43.4	139.0

This project is causing considerable uneasiness among those foreign firms who export agricultural machinery, for Russia is one of the largest consumers of this class of goods. Nevertheless there is no need to be pessimistic about the future prospects of the Russian market. There cannot be the slightest doubt that the amount of agricultural machinery actually manufactured in Russia will fall far short of what is proposed. It is even doubtful if it will be possible to carry through the plan of production for the current year. The difficulties Russian industry has to contend with increase with the increase of production. They are: (1) the supply of raw materials cannot keep pace with the manufactured products; (2) there is a great lack of fully trained workmen; and, last but not least, (3) Russian industry is very short of working capital. If the reconstruction of Russian industry is to be continued at the same rate of advance as hitherto, a great quantity of floating capital must be provided. This being impossible, Russia will be constrained to cut down her programme of industrial construction if she is to avoid a catastrophe. It is fairly safe, therefore, to assume that the Government's plan will not be carried out, and that the demands of the Russian market will not be met by home production at the end of the five years. It is beyond question that the demand for machinery of high quality in Russia for a long time to come can and will only be covered by imports from abroad. Russian farmers complain much of the bad quality of Russian machinery; most of it is produced of second-class materials and by insufficiently trained workers.

Sunmarising, one can say, although one may expect foreign agricultural machinery ultimately to be displaced in the Russian market, this danger is not so serious as the economic programmes might make it appear. For (1) these programmes can only partly be carried through, (2) it is in the interest of Russian farmers to be supplied with foreign machinery of high quality, and (3) the intensification of Russian agriculture, now beginning, will greatly increase the demand for machinery. The prospects for foreign manufacturers in the Russian market are good for the immediate future, especially if they are able to adapt themselves to the special needs of the Russian customer, not only as regards the goods they export, but also as regards the conditions of payment they offer.

The conclusion of the article on "Foreign Trade of the Union of Soviet Socialist Republics during the years 1924-25 and 1925-26" will appear in next week's issue.

(Continued from page 490).

Soviet money being spent to promote revolution and social unrest. Several prominent Cabinet Ministers have publicly denounced the Soviets' action; the British Government has sent a protest to Moscow; and by the time our readers get this journal there may have been a Parliamentary debate on the subject. What is the cause of all this alarm? Why should the transmission of four or five hundred thousand pounds suddenly cause such an uproar, when millions and millions have been spent on anti-British propaganda by the Bolsheviks all over the world? The Soviets have always frankly stated that they desire a world revolution, and the destruction of this country; they have done and are still doing all they can to achieve this end, in spite of all the guarantees and pledges they have given or are likely to give in the future. The British Government knew this perfectly well, and yet it made a trade agreement with them, and gave them full recognition. Why should the British Government suddenly express surprise and indignation at an action which is entirely consistent with the Bolsheviks' methods and principles? In admitting them to London and entering into "friendly relations" with them the British Government knew of these principles and methods. It should either never have recognised the Soviets at all or, having done so, be consequent and overlook such trifles as the remittance of four hundred thousand pounds to the strikers and the wild attacks that are being conducted against this country in the Bolshevik Press.

At a meeting of the Royal Statistical Society on Tuesday last, Dr. E. C. Snow read an interesting paper entitled "Some Observations on Trade Forecasting and Prices." Remarking that recent discussions upon trade forecasting and business barometers had placed considerable emphasis upon the significance of monetary

factors in determining movements in prices and trade activity, Dr. Snow went on to assert that the importance of monetary factors had been generally exaggerated. The supply of money was, he said, not the main factor, but merely one accessory to many other factors. He gave a detailed analysis of much data relating both to this country and to the United States, and the conclusion he reached was that the facts are not inconsistent with the theory that monetary factors do influence changes in the state of industrial activity, though this influence does not appear to be very substantial and the changes are not brought about through corresponding changes in price. Judging by the confidence of those making forecasts, it appeared, he said, to be very much more simple to predict the movements of the general level of prices of all commodities than of the price of an individual article. Such a forecast was obviously much less important than it would be if the movements of the general index were any criteria at all to individual movements. He went on to point out that complications were introduced into the problem of price prediction by fortuitous circumstances; thus, while it was not so difficult to foresee probable monetary policy, and while the statistics of consumption and of production were fairly reliable, it was impossible to foretell what views and actions people operating in the market were going to take. Their actions might cause all carefully estimated calculations to be upset. These factors, though often apparently irrational, exercised an influence which frequently completely defeated the efforts of those working on rational methods. There was probably no economic problem, certainly no business problem, for which complete data were available, and it was well that those trained to weigh scientifically the evident factors in the problem should be reminded of the existence of the fortuitous ones. These rendered it impossible that business forecasting could ever become even approximately an exact science.

ECONOMIC SURVEY

(The following Survey is strictly impartial both in content and in selection, and is in no way subject to the influence of Editorial opinion).

FRANCE

POLITICAL AND FINANCIAL

Stock Exchange Conditions in 1925.—In a previous issue of THE ECONOMIC REVIEW (April 30) a survey was given of the banking conditions in France during 1925, showing the ease ruling in the French money market. But this element did not affect very favourably the Stock Exchange situation, a fact which is attributable to many causes. The uncertainty of the political and financial outlook was the first reason why people would not commit themselves to long term operations or take any risk in view of the possible fluctuations. Of course the quotations at the end of 1925 were higher than those at the beginning of the year, but only the securities drawn up in foreign currencies appear to have followed exactly the movement of the exchanges. As to home stocks, it appears that after the severe falling off which occurred in 1924 during the foreign exchange *coup* of M. Poincaré the Bourse seems to have followed the rise in foreign exchanges with the greatest caution. Bonds and obligations bearing a fixed rate of interest could not be favoured because of the depreciation of the franc, which remained a constant factor.

The index number of Stock Exchange quotations published yearly by the *Revue d'Economie Politique* works out as follows (the quotations of March 31, 1922, when bottom was reached, being taken as 100):—

Dec. 31, 1924	...	186.50	[£ = Fr.185.95 (average)]
June 30, 1925	...	184.75	[£ = Fr.102.75 "]
Dec. 31, 1925	...	216.05	[£ = Fr.128.95 "]

Thus it will be seen that the general index number for the price of stocks increased by 30 per cent., while exchanges rose by nearly 50 per cent. The movement is unequal in the different groups:—

	December 1925. Rise or fall as compared with December 1924.
Home stocks bearing fixed interest	... — 5%
Home stocks bearing variable revenue	... + 31%
Foreign stocks	... + 64%

In the first group the most favoured were the different kinds of "Rente Française" (Consols), for the reason that they are not subject to income tax or any other tax, at present or in future. On an average they remained at the level of a year ago; but if compared with the rate of exchange and the level of prices it means further depreciation. The other bonds and obligations bearing a fixed rate of interest suffered a decline because of increased taxation.

The second group (variable revenue) was also subject to increased taxation, and this has probably had a certain influence on the quotations in this category. Industrial shares, of which this group is mostly made up, represent certain material values which must rise in terms of a depreciating currency (though there is very much to be said as to the proportion of this rise). Therefore their higher prices can be readily explained. But it is very interesting to note that, since the fall of the franc became more accentuated, the demand even for those stocks experienced a fall.

The following figures, published monthly by the

General Statistical Office, show the movement of stock prices in the early months of 1926 :—

Basis : Average 1901-1910 = 100.

	Stock bearing variable revenue.	fixed revenue.	
January 1926 ...	270	51.5	(£ = Fr.131.00)
February „ ...	275	52.5	(£ = Fr.132.70)
March „ ...	267	51.4	(£ = Fr.135.81)
April „ ...	267	52.1	(£ = Fr.143.38)

It may be seen from this table that in the first months of this year, notwithstanding the monetary ease and the depreciation of the franc, the common stock of industrial and commercial enterprises has attracted the public even less than stock bearing fixed interest. The public sought for security against franc depreciation and bought foreign stock on the Bourse, which is a legal form of capital export. The prices in this group move in accordance with quotations in foreign markets and with the rates of exchange.

The *Revue d'Economie Politique* (1926, No. 2) supplies a very interesting example of a hypothetical average holder whose holding of securities is composed according to pre-war French principles (60 per cent. bearing fixed interest, of which $\frac{1}{3}$ foreign securities, 30 per cent. first-class shares, and 10 per cent. speculative securities). The value of this holding was Fr.110,995 in 1913 and amounted in December 1925 only to Fr.176,441, whereas the franc had lost five-sixths of its value.

The Stock Exchange situation, and more particularly the general dislike for any long term operations, checked the floating of new loans as well as new capital issues.

Government issues on the securities market did not prove a success. A consolidated loan was issued under M. Caillaux (the capital and interest payment being guaranteed against franc depreciation) which yielded some 6 milliards of francs. But on the other side more than 8 milliards of francs of Treasury Bonds which matured during 1925 stood to be repaid, thus showing an excess of 2 milliards over new issues. The repayment of 1,730 millions of Crédit National Bonds makes the whole excess of repayments over new issues as high as Fr.3,700 millions. The floating of loans and capital issues of private concerns (railways included) amounted to some 5,000 millions. It follows, therefore, from these figures that the amount of securities on the French market made but little advance (1,300 millions—the enormous repayments of Treasury bills are not taken into account).

The private issues of 1925 compared with those of the preceding years work out as follows :—

1919 ...	35 milliard	1923 ...	21 milliard
1920 ...	46 „	1924 ...	13 „
1921 ...	30 „	1925 ...	5 „
1922 ...	25 „		

The new issues show a considerable decrease in bonds as compared with shares, the latter being less subject to the influence of franc depreciation. Bonds are now mostly issued for periods not exceeding ten years. The average rate of interest at which these bonds are issued (the conditions of repayment being taken into account) amounts to about 8.55 per cent.

TRADE

The Franco-Italian Trade Agreement.—The 30 per cent. rise in Customs duties decided upon by the French Parliament (April 6) gave rise to much comment in Italy. The agreement concluded on May 30 between the two Governments, however, seems to have settled the question. The principal stipulation of this agreement is the exemption of Italian silk products (yarns and tissues) from the 30 per cent. supplementary duty. On the other hand certain French silk products (silk crape, silk-woollen mixed tissues, etc.) receive favourable treatment in Italy. Certain concessions have been made to the latter country in respect of some of her wines. In exchange France obtained a reduction of duty for champagne, brandy, etc. Some other items (old iron, etc.) have also been settled on the basis of mutual concessions.

The Movement of Prices.—As was anticipated, a further and particularly sharp rise took place in the general price level during May. The wholesale index number of the General Statistical Office moved from 664 in April to 702 in May, thus following at a certain distance the foreign exchanges. The movement is similar in both foodstuffs and industrial products, unlike in the previous months, when the latter showed a much quieter tendency than the former.

	General index number.	Foodstuffs.	Industrial products.
January ...	647	531	748
February ...	649	535	749
March ...	645	537	740
April ...	664	561	753
May ...	702	597	794

As usual, the articles which are less subject to the influence of foreign markets (e.g. products of animal origin such as dairy produce, meat, etc.) show a comparatively small advance.

In the matter of retail prices the rise is much more in accordance with that in wholesale prices than was observable in March (see THE ECONOMIC REVIEW, May 21); nevertheless the movement of retail prices is still much slower than that of the wholesale prices :—

January ...	480	April ...	503
February ...	495	May ...	522
March ...	497		

INDUSTRY

Coal Output in April.—Since March the output of coal in France shows a small falling off, as evidenced by the following figures (in tons) :—

	Daily output.	Number of hands.
Average 1913 ...	136,147	203,203
January 1923 ...	121,064	242,568
January 1924 ...	144,680	286,804
January 1925 ...	160,445	311,991
January 1926 ...	170,048	315,204
February „ ...	170,340	315,472
March „ ...	169,112	314,500
April „ ...	168,009	312,587

Accordingly, the total output for April, for 25 working days, was only 4,200,222 tons as against 4,566,021 tons in March, for 27 working days.

The output in the devastated areas also shows a decrease in April :—

	Decrease as compared with March.
Coal	2,582,568 tons
Briquettes	189,325 „
Coke	235,845 „

This decrease is due not only to the reduced number of working days, but also to a decrease in the average daily output, which works out as follows :—

In 1913	91,296 tons.
January 1926	102,625 „
February „	103,476 „
March „	103,798 „
April „	103,303 „

The rapid advance in the daily output which has taken place since 1920 is due to the gradual reconstruction of the devastated mines. Their technical perfection made it possible to increase the output considerably in excess of the pre-war rate, but now that the work of reconstruction, so far at any rate as the coal mines are concerned, is very near completion, this steady increase is beginning to show signs of slackening down. The April figures seem to confirm the impression that the mines in the devastated areas are now working at not much below their full capacity.

In the three principal coal mining districts of France the movement of the daily output is as follows (in tons) :—

	March 1926.	April 1926.	Difference.
Midland and Southern mines	47,076	47,953	+ 877
Nord and Pas-de-Calais			
(devastated) mines ...	103,798	103,303	— 495
Pre-war area of France ...	150,874	151,256	+ 382
Lorraine mines	18,238	16,753	— 1,485
Total	169,112	168,009	— 1,103

There was a decrease, therefore, in other regions, but an increase in the Midland and Southern mines; the April output of the latter, however, is still much below that of February (48,986 tons daily).

The Iron and Steel Industry in April.—On May 1 there were 146 blast furnaces in operation, 33 damped down and 39 in course of construction or undergoing repairs, as against 147, 29 and 44 respectively on March 31 (see THE ECONOMIC REVIEW, May 21). The April output, as compared with that of the preceding month, works out as follows (in thousands of tons):—

	Thomas Gilchrist.	Foundry iron.	Con- sion pig.	Special iron.	Bessemer pig.	Total pig iron.
March ...	580	136	29	24	3	772
April ...	572	145	26	21	3	767

The average daily output of pig iron works out at 25,600 tons as against 25,740 in March, thus showing a decrease of 140 tons.

The production of crude steel also shows a decrease as compared with March (in thousands of tons):—

	Thomas Gilchrist	Open- hearth steel.	Electric steel.	Bessemer steel.	Crucible cast steel.	Total crude steel.
March ...	497	215	6	6	1	725
April ...	471	198	7	6	1	683

The average daily output of crude steel in April was 22,800 tons as against 24,190 tons in March, the decrease being thus 1,390 tons or 6 per cent. (*Nord Industriel*, No. 23.)

GERMANY

FINANCE

April Balance-Sheets of the Great Banks.—While the February balance-sheets of the great Berlin banks differed but little from the final results of 1925, a large increase in credit balances is to be noted in those of April 30, showing plainly the effect of the continued liquidity of the money market. This increase represents something like Rmk.200 million and corresponds approximately to the increase of Rmk.207.1 million in the outstanding debts (Rmk.5,135.9 million). Liquid funds grew at much the same rate, by Rmk.104 million to Rmk.2,839.7 million. The state of liquidity has therefore scarcely altered, amounting to 26.2 per cent. as compared with 26.3 per cent. at the end of February. The development is nevertheless quite different with the various institutions. The state of liquidity has become aggravated in the case of the Deutsche Bank, the Discontogesellschaft and the Commerzbank, while an improvement is shown in that of the Darmstadter, the Dresdner and the Mitteldutsche Credit Banks. There is no special change in the construction of the balance-sheets, but it is nevertheless noteworthy that, with one single exception (the Commerzbank), the holdings of bills have increased.

The April balance-sheets of all the 120 German banks included in the reports show a slight improvement in the liquidity statistics from 49.1 per cent. to 49.7 per cent. between the end of February and the end of April, the outstanding debts having increased from Rmk.9,277 million to Rmk.9,743 million and the liquid funds from Rmk.4,560 million to Rmk.4,847 million. It is noteworthy that the total credit balances increased by Rmk.478 million, Rmk.380 million of this sum being represented by deposits alone. The debit balances increased in about the same ratio as the credit balances viz. by Rmk.412 million. (*Deutsche Allgemeine Zeitung*, June 1.)

The improvement in conditions on the money and capital market is seen, even more plainly than in the Credit Bank balances, from the reports of the Giro Centrals, which show a remarkably large increase in credit balances amounting to Rmk.256.8 million, so that more money accrued to the Giro Centrals than to the six great Berlin banks. Long term loans showed a notable increase, from Rmk.48.8 million to Rmk.294.8 million, and the total deposits rose from Rmk.873.9 million to

Rmk.990.9 million. The Giro Centrals alone show plainly the considerable increase in the volume of business, particularly in loan activities. The loan business of the German Giro Centrals, which appear under the head of "Fixed period advances," rose from Rmk.125.7 million to Rmk.277.4 million.

The Prussian State Bank (Seehandlung) shows an increase of deposits at the end of April amounting to Rmk.34 million—a decrease in *nostro* credit holdings (sums standing to the bank's credit with other banks abroad) from Rmk.83.5 to Rmk.71 million, and a strong increase in loans and advances from Rmk.32.1 to Rmk.51 million.

The three mortgage banks which publish bi-monthly reports, and may be taken as representative of all similar institutions, show an increase in credit balances of Rmk.30 million and the development of their business was most satisfactory.

Taken as a whole the bi-monthly balance-sheets of the banks are gratifying and confirm the tendency noticeable during the first two months of the year towards economic recovery and the consolidation of conditions on the money and capital market. (*Kölnische Zeitung*, May 31.)

Decrease in Reparation Deliveries.—The number of French consignments sanctioned during April amounted to 127, representing a value of Rmk.4.3 mill., as compared with 179 of a value of Rmk.26.9 mill. in March. This brings the total consignments sanctioned since the report of the experts came into force up to the end of April 1926 to Rmk.251.3 mill. The consignments to Belgium during April amounted to 150 of a value of Rmk.8.2 mill. as compared with 234 of a value of Rmk.10.2 mill. in March. The total Belgian orders from the date when the experts' report came into force up to April 30, 1926, represent a value of Rmk.59.6 mill. In the case of both countries it will be seen from the above figures that orders given under reparation deliveries in kind (except coal and dyes) have decreased both in number and value as compared with the previous month. This state of affairs is due to the fact that both countries had exhausted their credits with the Agent General. (*Deutsche Allgemeine Zeitung*, June 2.)

TRADE

Trade Relations with Foreign Countries.—The present position of Germany's trade relations with European and extra-European countries may be gathered from the following survey.

Negotiations with France, which were opened on January 12, 1926, on the basis of the Protocol of December 19, 1925, still continue. In the case of a number of items, such as fresh vegetables, a temporary agreement has been arrived at; in the case of others at any rate a statement of the position taken up by either side has been obtained, while in other directions the obstacles still remain. On May 31 the German delegates returned to Paris to resume negotiations, and a definite result may be expected.

The development of German-British trade has so far proved unfavourable to Germany, even taking into account that the German exports, which amounted in the past year to Rmk.324.1 mill., have increased by 53.2 per cent. as compared with 1924. The new protective duties policy of England has hit German export trade very hard, and continues to threaten its possibilities. In particular the German export of sugar, cotton goods, woollen goods, chemicals and coarse metal goods have decreased heavily. The export of chemicals has suffered besides from the dyestuffs import prohibition. Clocks and musical instruments have

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also been affected by the re-introduction of the McKenna duties. The English Customs policy is particularly directed against articles in which Germany has a preponderating export interest.

Trade relations with Italy are governed by the Trade Agreement which came into force on December 16, 1925. There was no time for its effect to be felt during that year, but a great increase in the mutual exchange of goods is expected in 1926.

Poland, after resuming negotiations in September 1925, introduced new import prohibitions and raised the duties. The list of German requirements handed to Poland on January 25, 1926, has only lately been examined, and the Polish Government expressed itself willing to re-open negotiations on May 20, 1926. It is hoped that the result may be an agreement which will end the economic war. A one-sided cessation of hostilities on the part of Germany would not improve the situation, as the prohibitive Polish tariff and import prohibitions restrict export, while the import of Polish goods would not be hindered by the German duties. Poland's total imports decreased from Zloty 182 mill. gold in April 1925 to Zloty 47 mill. in January 1926 and amounted in the first quarter of the latter year to only Zloty 248.7 mill. as compared with Zloty 509.9 mill. in 1925.

The new Russo-German treaty which came into force on March 12 includes agreements in regard to economic questions, railways, shipping, taxation, commercial law and the protection of trading rights. According to German statistics Germany's share in Russian imports amounted to 16.4 per cent. in 1925 (21.1 per cent. in 1924), and in Russian exports to 18.1 per cent. (16.1 per cent. in 1924). The chief obstacles to Russo-German trade lie in the direction of finance, as Russia needs high credits and Germany can only grant them on a limited scale. The guarantee offered by the German Reich and principalities has already been taken advantage of by a number of German exporters. A general scheme for financing Russia, perhaps with American assistance, is greatly to be desired.

After protracted negotiations an agreement was concluded with Spain on May 7, under which Germany was accorded second tariff rates. With few exceptions German export interests have been satisfied by the terms of this treaty.

Trade relations with the United States are based on the agreement ratified on October 1925, which ensures most favoured nation treatment on both sides for ten years. The exchange of goods between Germany and the United States has risen in the case of imports from the United States to Germany from Rmk.1,708.9 mill. in 1924 to Rmk.2,199.5 mill. in 1925. Exports from Germany to the United States amounted to Rmk.603.5 mill. in 1925 as compared with Rmk.509.3 mill. in 1924. There is therefore a heavy deficit in the balance of trade on Germany's side. Germany is the United States' third largest customer, coming next after Great Britain and Canada.

The present German-Mexican agreement expires on October 21, 1926. Under the Mexican tariff goods which are not produced in Mexico are admitted free of duty, and in particular all kinds of machines for industry, agriculture and crafts.

Negotiations have been pending for many years with Japan with a view to establishing a trade agreement on most favoured nation lines. These negotiations are being carried on in Tokyo. In the meantime the absence of an agreement enables Japan to maintain a licence system in regard to the German dye export, which it is impossible to apply to countries which have contracted agreements. The chief obstacle to the conclusion of an agreement is Japan's desire to maintain this dye import prohibition against Germany in some form or another in order to continue the development of her own dye industry, which came into being during the war. Apart from aniline dyes, the absence of agreement has had no prejudicial effect on German exports. The German

worsted export has suffered severely, however, from the introduction of Japan's new tariff applying greatly increased rates, as Germany is subject to much higher rates than France in this connection. Negotiations with Japan are being speeded up as much as possible, but there is no certainty as to when they will be concluded.

A provisional agreement on a most favoured nation lines exists between Germany and Turkey and is due to expire on September 25, 1926. By that date either a definite agreement will have been negotiated or the present provisional conditions will be extended, the Turkish Government having expressed its willingness to prolong it.

Further negotiations are to take place in the autumn with Austria, in whose trade Germany is very largely interested.

The Portuguese agreement was concluded on March 20, 1926, and ratified by the Reichstag on May 17. Article 5 in regard to mutual preferential treatment for the subjects of both countries is of special importance. Pine-apples, fish conserves and cork goods have been accorded reductions in the German tariff rates. Trade with Portugal has increased greatly during the last two years.

The trade agreement with Lithuania, which came into force on May 5, 1925, serves as a basis for further negotiations. A tariff agreement is to be concluded with this country, and negotiations will be opened in the course of the month.

No agreement has yet been established with Latvia, apart from the temporary agreement of July 15, 1920. The obstacle here is the question of reparation for damages inflicted during the war. A settlement, however, has been arrived at, and it is hoped that the agreement will soon be signed.

The situation is the same with regard to Estonia.

Negotiations with Finland are being carried on in Berlin, Finland having declared herself willing to accept most favoured nation terms.

Trade with Denmark is still governed by the trade agreement of 1846, which provides most favoured nation treatment without tariff accommodation. A Bill for the reduction of German rates for some Danish products is at present under discussion in the Reichstag.

Trade with the Economic Union of Belgium and Luxemburg is regulated by a treaty dating only from October 1, 1925, so that the result cannot yet be ascertained, as the application of preferential duties only came into force six months after this date. (*Ham-burger Fremdenblatt*, June 2.)

The Export of Toys.—The export of toys shows a further considerable decrease during the first quarter of 1926 as appears from the following analysis. In the corresponding period of 1924 it amounted to 78,523 d.ctr. of a value of Rmk.15,768 mill. to 62,215 d.ctr. of a value of Rmk.13,810 mill. in that of 1925, and to 52,487 d.ctr. of a value of Rmk.12,950 mill. in that of 1926. As last year was already very unfavourable, the further decline experienced this year of about 10,000 d.ctr. is particularly discouraging. It is due to reduced sales, particularly to Great Britain (— 5,578 d.ctr.) and the United States (— 4,077 d.ctr.). Orders booked during the first quarter of 1926 were far smaller than those of former years. It appears that both in Germany and other countries the Christmas trade left much to be desired and large stocks of toys are still on hand. The shortage of money in the world market compels purchasers to postpone ordering as long as possible, in order that their capital may be locked up for as short a time as possible. Even though business has been rather brisker during the last few weeks, there is little probability of export equalling the 1925 figure,

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viz. 430,608 d.ctr., which was already 51,000 d.ctr. below that of 1924. (*Kölnische Zeitung*, June 3.)

INDUSTRY

Position of the Match Industry.—An interpellation recently brought forward by the Democratic Party in the Reichstag has drawn attention to developments of great interest from the point of view of public and private economics in the German match industry. The question raised was whether the Reich Government was aware that the so-called "Schwedentrust" intended to establish a private match monopoly in Germany, and what measures the Government proposed to take to prevent this move. The strongest opponent of the Schwedentrust, the Union of German Match Manufacturers, suggests as a preventive the rationing of the industry. The conditions which prevailed from 1909 till 1919 would thus be restored. The proposal of the Union is to the effect that the older works should receive preference in re-imposing the quota, so as to afford them facilities for competing with the newer concerns, in which the Schwedentrust is particularly interested.

The match industry in Germany is suffering from over-production to the extent of some 100 per cent. Prices are correspondingly low, giving rise to a good deal of undercutting on the part of competing firms. In pre-war days a case of matches (10,000 boxes) cost, including tax, Mk.220 to Mk.230; to-day, in spite of increased cost of production, higher freights, etc., the price has fallen to Rmk.160 to 180. In some cases sales are effected at even lower prices. The sales of the German groups concerned are distributed approximately as follows: the Cassel factories (the Schwedentrust), 40 per cent.; the North German Match Company and the South German Match Company together, about 24 per cent.; the Wholesale Purchase Company of German "Konsumvereine," 7 per cent.; the Union of German Match Manufacturers, 25 per cent.; and a few factories not belonging to the Union, the remaining 4 per cent. The Cassel factories and the North German and South German factories which have common interests with the Cassel factories are against the rationing proposal, as is also the Wholesale Purchase Company of German "Konsumvereine," which has recently separated from the Union of German Match Manufacturers on this account, so that not more than 25 per cent. are in favour of the proposal. The 18 factories which are included in the Union produce about 2,000 cases a year each, whereas a modern factory with adequate plant turns out 4,500 cases when working at full pressure. These facts show plainly that it is a question of either over-production or reduced working. A forced rationing scheme giving preferential treatment to works of inferior capacity is, however, not to be recommended on economic grounds, particularly as the crisis in this industry is largely due to rationalisation, in which the companies allied with the Schwedentrust have been first in the field. On the other hand, it is not desirable that a private match monopoly should be established in Germany, which will no doubt be the case if the movement continues at the present rate. The best solution of the question would be an agreement among the contending groups with a view to general rationalisation and reconstruction. If no agreement can be arrived at, State interference will be unavoidable. (*Hamburger Fremdenblatt*, May 26.)

SOCIAL AND LABOUR CONDITIONS

The Cost of Living.—In spite of wide variations in the individual prices during the month of May the total index number for 100 goods shows but little change. The increases and decreases for individual articles shown on May 28 are nevertheless very considerable. It must be admitted, however, that a large number of prices have remained steady. Forty-two articles have altered (as against 51 in the previous

month), 16 being higher and 26 lower. The food and delicacies group shows a sharp rise, and the textile group, which is largely influenced by foreign prices, has experienced an equally sharp drop. The total index number has fallen by 0.4 per cent. The following table shows the movements of the total index number and of the index numbers of the various groups:—

	March 30.	April 29.	May 28.
1. Food and delicacies	133.14	135.66	140.15
2. Textiles and leather	158.97	157.90	151.59
3. Minerals	131.63	130.15	131.31
4. Sundry	134.38	133.82	133.78
5. Industrial finished products	137.69	133.78	131.54
Total index number for 100 goods	137.50	136.78	136.23

In the first group eleven prices have risen and five have fallen. All varieties of grain except maize are included in the increases, owing to the shortage of home supplies and firm American markets, and potatoes have also increased in price. Butter and hops are the chief articles that show a decrease. The index number of this Group is 3.3 per cent. higher than at the end of April. The second group shows an almost negligible rise in the case of cotton, as compared with eight decreases in price. Cotton semi-manufactured goods follow the previous drop in the raw material. Raw silk has risen in accordance with the lira, but on account of the depreciation of the Italian currency is cheaper for foreign countries than before. Jute has dropped heavily, and rubber has maintained a downward tendency, while hides and leather are cheaper. The group index number is 4 per cent. lower than in April. In the third group only five out of eighteen articles have experienced slight alterations. Scrap and tin have dropped a little, copper and lead are steady, while silver has risen further. The group index number is higher by 0.9 per cent. With no increases and six decreases the index number of the fourth group has dropped by 2.9 per cent. The chief cause of this decrease is the reduction in the prices of the Nitrate Syndicate which came into force on June 1 and has been anticipated. There is also a continued decrease in timber prices. Machine oil remains officially at the same price, but was actually sold at less, as various price concessions had to be made in the trade. In the fifth group, which shows a decrease of 1.7 per cent., five articles are cheaper and one dearer. Decreases occurred in the case of iron and textile manufactures, though in the latter case, in spite of the drop in the price of jute, sacks form an exception, prices for this article having been raised in accordance with an agreement with the jute industry. (*Frankfurter Zeitung*, May 30.)

ITALY

POLITICAL AND GENERAL

Colonial Policy.—The earnest attention given by the present Government to Italy's overseas possession has caused a general revival of interest in colonial affairs, an interest that has now become something approaching a national passion as a result of the recent visit of Signor Mussolini to North Africa. The realistic policy of the Government, based on the careful consideration of bald figures, is receiving the full support of the nation. The Italian Press is according colonial affairs far more attention than hitherto, while from various reports it is obvious that economic circles in Italy are making a detailed study of the possibilities of further colonial development. The main facts upon which the Government is basing its policy are (1) the rapid increase in the population of Italy (over 450,000 souls per annum), (2) the almost complete dependence upon foreign sources for the essential raw materials for Italian industry, (3) the continuous and heavy adverse balance in foreign trade, (4) the policy of restriction which immigration countries are enforcing with increasing strictness, and (5) the consequent need of Italy for territorial and commercial expansion.

The possibility of the economic development and the

utilisation of the extensive Lybian territory conquered in 1911 and reconquered and pacified during the past three years, as well as that of the colonies of Erythrea and Somalia, is deserving of some attention. Until recently it was usual to regard Lybia as merely a sandy waste capable only of supporting a few thousand Arabs, and consequently a permanent liability rather than an asset for Italy. The recent journey of the Prime Minister to this African colony has called attention to the fact, known hitherto only by a limited number of experts, that the subsoil of Tripolitania is rich in water which is readily found at a depth of some eighteen feet, and that by recourse to suitable methods the present day sandy wastes can be converted into fertile agricultural lands. Of this, states the *Report of the Association of Italian Corporations* (May 1926), tangible proofs are already available. Signor Mussolini was able to announce at the first colonial agricultural congress held at Tripoli that "great economic possibilities exist in Lybia, to neglect which would be criminal on the part of the nation." A Crown domain of some 175,000 acres of land has been formed in Tripolitania, of which over 25,000 acres have already been taken up by Italian colonists and brought into cultivation in the past four years. This is, however, only the beginning. The port of Tripoli, built by the Italian Government, is one of the finest in North Africa; in Cyrenaica a sum of L.25 mill. has recently been assigned for building a port at Bengasi, the capital of that colony. Extensive highway and railroad construction has also been carried out in the North African colonies.

The steady economic development is indicated by the recent figures of banking transactions in Tripolitania: L.1,628,173,220 in 1920, rising to L.4,404,434,172 in 1924. The foreign trade figures have risen from L.125,443,221 in 1920 to L.223,876,170 in 1924. For the financial year 1924-25 the revenue receipts amounted to L.54,541,000, showing an increase of 15 millions over those for the preceding year. The ordinary expenditure of the colony is now fully covered by the ordinary receipts of its own budget.

The older colony of Erythrea can also point to considerable economic development in the last few years, and well-founded expectations are aroused by the irrigation works now being carried out in the Tessenei plain near the Sudan frontier, which will bring 25,000 acres of land under cotton cultivation. The Khartum Convention signed in December 1924 with the British Sudan is enabling these works to be actively pursued. The important salt mines of Massaua have for many years past been a going concern.

As a future source of agricultural raw materials, more especially cotton, much is expected of Italian Somaliland, particularly now that Italy controls both banks of the river Juba. Besides the extensive areas brought under cultivation by the Duke of Abruzzi, 52,000 acres of excellent alluvial soil suited to valuable crops such as sesame, maize, castor oil, sugar, and more especially cotton, are being irrigated and taken up in lots by Italian colonists. This is only one of the many colonising enterprises now under way in this colony. Of industrial enterprises the most promising so far are the large salt mines of Hafur, to exploit which the Migiurtinia Company has been organised; these, it is expected, will supply to a large extent the salt requirements of India and the Far East.

There is no doubt that the Italian Government intends to pursue a vigorous colonial policy and that Italy will utilise to the full the limited colonial resources now in her possession.

FINANCE

The Position at the Treasury.—The Treasury statement for the period July 1, 1925, to March 31, 1926, as reproduced below, shows the various items of revenue and expenditure for the first three quarters of the current year in comparison with those of the preceding

financial year, and the budgetary situation as at March 31, 1926, in comparison with the estimated figures for this period. It will be noted that there has been a greater increase in revenue than in expenditure during the first nine months of the financial year as compared with the figures for 1924-25 (in lire):—

		<i>Revenue.</i>	
		July 1925 to March 1926.	July 1924 to March 1925.
<i>Ordinary Receipts.</i>			
Revenue from State property ...	...	244,658,394.71	53,810,834.54
Direct and indirect taxes	...	12,960,980,192.69	11,872,372,619.02
<i>Public Services.</i>			
Post Office ...	...	2,906,395.09	431,675,881.49
Telegraphs ...	...	326,473.99	108,460,662.80
Telephones ...	...	16,590.70	114,941,637.53
Other services ...	...	63,582,898.65	54,180,609.87
Reimbursements and items towards costs ...	...	93,678,720.10	136,704,554.71
Sundries ...	...	1,789,638,356.24	486,887,924.86
		15,155,788,022.17	13,259,034,724.82
<i>Extraordinary Receipts.</i>			
Reimbursements and items towards costs ...	...	92,106,935.84	28,814,240.37
Receipts from sale of war material ...	...	37,442,168.79	83,810,829.88
Sundry loans and assets	...	341,863,473.52	331,749,378.14
		15,627,200,600.32	13,801,405,173.21
<i>Other Receipts.</i>			
Railway construction loans ...	...	6,599,347.35	414,575.55
Capital movements ...	...	3,040,718,155.37	3,204,146,835.64
Accountancy balance items ...	...	66,431,499.70	50,563,929.33
		18,740,949,602.74	17,056,530,513.73
In Treasury debit accounts ...	...	71,061,826,611.55	32,073,284,697.40
In Treasury credit account ...	...	13,070,155,135.83	6,434,858,931.75
Total ...	...	102,872,931,350.12	55,564,674,142.88
<i>Expenditure.</i>			
Ministry of—			
Finance ...	...	7,492,657,116.90	6,742,570,658.50
Justice and Ecclesiastical Affairs ...	...	308,846,455.73	285,796,656.86
Foreign Affairs ...	...	85,613,086.56	77,291,212.52
Public Instruction ...	...	1,000,250,878.01	836,266,492.06
The Interior ...	...	462,976,499.19	504,547,618.10
Public Works ...	...	571,600,483.99	493,871,531.61
Communications ...	...	326,408,576.31	739,683,814.65
War ...	...	1,904,655,380.88	1,719,878,494.65
Marine ...	...	746,113,301.54	539,756,904.62
Air ...	...	246,299,004.64	—
The Colonies ...	...	266,425,778.19	187,072,792.03
National Economy ...	...	271,804,673.61	163,971,554.68
		13,683,651,235.55	12,290,617,730.28
Special decrees ...	...	821.67	100,994.56
Total ...	...	13,683,652,057.22	12,290,718,724.84

The budgetary situation for the first nine months of the current financial year may be summarised as follows (in millions of lire)—(a) Ordinary receipts and expenditure, (b) Extraordinary receipts and expenditure, (c) Disbursements for railway construction and loans, (d) Capital account movements, (e) Total for 1925-26, (f) Total for 1924-25:—

July 1925 to March 1926.					
	Revenue.		Expenditure.		Actual surplus
	Estimated.	Realised.	Estimated.	Effected.	or deficit.
(a)	12,260.7	14,146.9	10,305.8	10,355.4	+ 3,791.4
(b)	110.7	187.3	3,447.8	3,396.4	— 3,209.1
	12,371.4	14,334.2	13,753.6	13,751.8	+ 582.4
(c)	187.5	187.5	187.5	187.5	—
(d)	2,828.2	3,394.7	1,209.9	1,207.8	+ 2,186.9
(e)	15,387.1	17,916.4	15,151.0	15,147.1	+ 2,769.1
(f)	14,605.3	18,051.2	15,063.4	15,241.1	+ 2,810.3

During the period under survey the yield of the tobacco duty accounted for L.2,257,530,001 of the total revenue (L.2,145,428,076 in the corresponding period of 1924-25); the salt duty, L.136,015,439 (L.125,164,076); and the match duty, L.94,012,598 (L.80,884,708); the

lotteries yielded L.352,493,566 (L.317,671,853). (*Bollettino di Notizie Economiche*, No. 4.)

The general Press comments on the Treasury position as at March 31 last reveal the country's satisfaction with respect to the development of the national finances. *Echi e Commenti*, for instance, points out that it is impossible for the financial situation of any country to change to any great extent within a short period; yet the striking feature of the Italian Treasury statements is the continuous and rapid augmentation in revenue as against a less rapid and continuous increase in expenditure. Such a tendency augurs well for the country's future. The full and exact details of the Treasury situation as at the end of April are not yet to hand; but the *Corriere della Sera* of May 21 reports that the results at April 30, 1926, represent a surplus of L.668 mill., as against a balance of L.178 mill. in the estimates. At the end of April 1925 there was a deficit of L.226 mill. The Minister of Finance recently explained that this satisfactory result had been achieved by the suppression of all unnecessary expenditure and by the development of reproductive expenditure—in short, by the Government's strict adherence to the policy of a very severe control of all departments of public finances.

The total bank circulation of the State on April 30 last was L.19,999 mill., which is a diminution of L.752 mill. as compared with the situation on January 31 last, one of L.298 mill. as compared with the end of February, and one of L.396 mill. as compared with the end of March.

Insolvencies in 1925.—Statistics relative to the number of insolvencies in Italy during the past year, in comparison with the preceding year and with 1912, have just been issued by the Statistical Bureau of the Milan Chamber of Commerce, as follows—(a) Northern Provinces, (b) Central Provinces, (c) Southern Provinces, (d) Island Provinces, (e) New Provinces:—

	1912.		1924.		1925.	
	Total number.	Percentage of total.	Total number.	Percentage of total.	Total number.	Percentage of total.
(a)	3,506	47.84	3,286	45.15	3,127	43.20
(b)	2,264	30.89	2,039	28.01	1,939	26.86
(c)	988	13.48	1,236	16.98	1,396	19.34
(d)	571	7.79	539	7.41	624	8.64
(e)	—	—	178	2.45	141	1.96
	7,329	100	7,278	100	7,227	100

The fact that the distribution of insolvencies per provinces does not greatly differ from that of the preceding year suggests that the commercial and industrial activity and the general economic life of the provinces are no longer so unequal as in the first few years after the war. Another interesting feature is that whereas in the three-year period from 1912 to 1914 the proportion of small to the total number of failures was 43 per cent. in 1925 the ratio was only 3 per cent. (*Corriere Economico*, May 23.)

TRADE

Foreign Trade Returns.—According to the *Corriere della Sera* of May 21 the value of imports into Italy during the first four months of the year amounted to L.9,095 mill., while that of exports was L.5,326 mill., resulting in an adverse trade balance for the period of L.3,769 mill. As the adverse balance of trade for the corresponding period of 1925 was L.3,748 mill., the situation this year is not materially worse. The returns may even indicate a slight improvement, seeing that the balance at the close of the first two months of this year was worse than at the end of February 1925 by L.279 mill. On the other hand, the average monthly adverse balance for the period this year is considerably higher than the average for the whole of last year, the figures being L.942.2 mill. for January to April 1926 as compared with L.656.87 mill. in the previous twelve-month.

The provisional figures of the foreign trade in February

as reproduced in *THE ECONOMIC REVIEW* of April 16 have since been revised. The final returns are as follows: imports, L.2,249.9 mill.; exports, L.1,355.8 mill.; adverse balance of trade, L.894.1 mill.

The large excess of imports over exports is mainly due to the heavy importation of foodstuffs, live stock, tobacco, textile fibres and manufactured products, metallic ores, metals and manufactured products, timber and articles made of wood, chemical products, dyes, tans and colours, etc., earthenware and non-metallic ores, seeds, vegetable oils, fats, etc.

The recent trade with Great Britain has resulted in a notable increase in imports from that country, particularly in the case of steel and iron, scrap iron, textiles, coal and machinery. There has also been an increase in the value of exports to Great Britain, though not to the same extent as in imports from Great Britain.

Comparative Table of Foreign Trade Index Numbers.

—In the current issue of the *Rivista Bancaria* (May 20) Professor Riccardo Bachi submits detailed statistics of the variations in the volume of Italy's foreign trade and in the prices of goods during the past few years. From this valuable mass of figures we have extracted the quarterly index numbers of foreign trade movements during the past three years, and these should give a clear indication of the trend of imports and exports during this period. The figures reproduced below refer in each instance to the percentage of the immediately preceding quarter.

Index Numbers of Principal Wares.

		Imports.		Exports.	
		Volume.	Prices.	Volume.	Prices.
1923,	1st quarter	92.12	100.91	88.22	96.29
	2nd "	111.65	106.23	100.73	98.76
	3rd "	74.58	93.79	104.21	98.70
	4th "	111.86	105.82	147.93	101.54
1924,	1st "	102.23	98.34	85.26	102.00
	2nd "	105.25	105.76	104.42	102.18
	3rd "	93.19	97.28	89.06	97.89
	4th "	111.85	107.75	144.01	102.06
1925,	1st "	118.08	108.78	85.37	107.86
	2nd "	110.44	99.69	107.53	104.92
	3rd "	59.04	104.94	91.10	102.40
	4th "	125.44	95.67	114.27	103.51

Index Numbers of Principal Foodstuffs.

		Imports.		Exports.	
		Volume.	Prices.	Volume.	Prices.
1923,	1st quarter	91.09	96.29	67.09	97.09
	2nd "	111.42	110.27	109.15	100.72
	3rd "	77.79	80.49	107.04	96.16
	4th "	85.56	106.21	198.09	98.04
1924,	1st "	78.53	101.62	85.19	101.84
	2nd "	148.68	100.65	90.52	103.18
	3rd "	100.09	106.09	94.38	99.48
	4th "	104.28	117.48	160.35	106.90
1925,	1st "	126.92	119.42	70.89	115.25
	2nd "	100.77	93.30	99.62	107.61
	3rd "	40.91	103.34	93.99	99.35
	4th "	137.22	93.87	120.24	100.85

Index Numbers of Goods classified as "Various."

		Imports.		Exports.	
		Volume.	Prices.	Volume.	Prices.
1923,	1st quarter	92.82	104.20	96.56	96.00
	2nd "	111.78	103.63	98.39	98.20
	3rd "	72.78	103.06	103.32	98.53
	4th "	127.00	105.64	132.34	103.10
1924,	1st "	111.85	97.22	85.29	102.06
	2nd "	93.22	107.67	110.63	101.77
	3rd "	90.05	93.33	87.09	97.27
	4th "	116.34	102.68	137.07	99.96
1925,	1st "	112.79	102.57	93.48	104.16
	2nd "	117.06	103.98	110.94	103.86
	3rd "	69.04	105.65	89.95	103.67
	4th "	121.61	96.35	111.92	104.62

AGRICULTURE

Consumption of Fertilisers.—The war had a very marked influence upon the consumption of various kinds of fertilisers in Italy. In 1913, for example, the consumption of phosphates amounted in all to 11,950,000 quintals, that of nitrates to 1,007,000 quintals, and that of potash to 250,000 quintals. In 1918 the consumption of these fertilisers had fallen to 4,300,000 quintals in the case of phosphates, to 465,000 quintals

in that of nitrates and to only 35,000 quintals in that of potash. Since 1919 there has been a gradual increase in the consumption of all kinds of fertilisers until by 1923 the pre-war level was practically attained, when the figures were for phosphates, 11,580,000 quintals; for nitrates, 1,189,000 quintals; and for potash, 340,000 quintals. Since 1923 there has been a rapid rise in the consumption of these commodities. In 1925 there were consumed 14,900,000 quintals of phosphates, 1,765,800 quintals of nitrates and 520,000 quintals of potash. The Italian Federation of Agricultural Associations has issued the following statistics respecting the consumption of the different fertilisers in Italy in 1913 and since 1917 (in thousands of quintals):—

	1913.	1918.	1919.	1920.	1921.	1922.	1923.	1924.	1925.
Superphosphates ...	10,750	4,300	6,000	7,200	8,500	8,800	11,000	12,840	14,600
Thomas meal ...	1,200	—	76	25	35	200	580	830	300
Total phosphates	11,950	4,300	6,076	7,225	8,535	9,000	11,580	13,670	14,900
Nitrate of soda ...	500	200	180	370	320	250	420	450	190
Ammonium sulphate ...	350	115	137	170	200	150	300	385	496
Cyanamide ...	150	150	180	282	221	335	420	605	733
Nitrate of calcium ...	7	—	—	15	9	6	9	10	13
Ammonium nitrate (impure) ...	—	—	20	140	125	100	40	38	33
Total nitrates ...	1,007	465	517	977	875	841	1,189	1,488	1,765.8
Potash ...	250	35	35	77	85	162	340	385	520

(*Bollettino di Notizie Economiche*, No. 4.)

Rice Production and Trade.—Italy has long been the largest producer of rice in Europe and maintains that position, for, although the area under this crop has declined from the 578,000 acres thus planted in 1870 to 350,000 acres in 1925, the yield per acre has steadily increased, rising in 1925 to 43 quintals per hectare as against an average of 32.8 for the five-year period 1909–13. In 1925 the total production amounted to 620,000 metric tons. This irrigated crop is grown almost exclusively in North Italy and mainly in the provinces of Novara and Pavia. The quality is particularly good, and Italian rice is much sought after on the foreign market.

A considerable rice cleaning industry has grown up in the producing centres. One of the leading joint stock companies engaged in cleaning and polishing rice, and in the manufacture of starch and powder obtained therefrom, is the Riseria Italiana, of Milan, whose capital was recently raised to 24 million lire. Other companies are the Prima Pilatura Triestina di Riso at Trieste (capital L.10,000,000), the Riseria del Ticino (capital L.10,000,000) and the Raffineria Riso Tommasini of Treviso (capital L.400,000).

The demand of the home market leaves a large margin for export, as rice, though a staple article of diet in Lombardy and Venetia, is rarely seen on the table in Central and Southern Italy. The average annual exports for the five-year period 1909 to 1913 amounted to 64,756 tons of both rough and cleaned rice. The exports of cleaned rice have always greatly exceeded those of rough. During the war years an export prohibition was in force, and in 1921 when it was removed exports declined to 25,653 metric tons, since when they have steadily risen, attaining a total of 170,563 tons in 1924, of which 137,252 tons was cleaned rice. In 1925 exports amounted to 158,776 tons. The following table shows the leading markets to which Italy has exported rice during the past three years (in tons):—

	1925.	1924.	1923.
Austria ...	13,455	12,679	6,281
Belgium ...	4,417	7,671	2,634
Czechoslovakia...	3,107	3,571	1,042
Denmark ...	1,716	2,435	1,786
France ...	21,446	23,957	23,146
Germany ...	2,524	7,247	1,511
Great Britain ...	1,224	7,465	1,905
Greece ...	6,821	8,806	4,197
Holland...	1,501	2,204	138
Yugo-Slavia ...	11,862	13,458	8,367
Rumania ...	1,991	2,915	1,640
Switzerland ...	9,834	14,944	11,392
Hungary ...	5,062	5,663	1,102

Tripolitania and Cyrenaica	952	1,271	350
Argentina ...	49,622	33,228	6,366
Chile ...	8,529	7,632	939
Other countries ...	14,713	14,417	13,511
Total ...	158,776	170,563	86,307

The largest centre for the rice trade is Milan.

In the last few years much has been done to improve this crop and increase production while limiting the area. The centre of these studies is the Government Experimental Station for rice at Vercelli, which has acquired a world-wide reputation in this branch of agricultural production. While Italy can point during the last five years to an average yield of 42.2 quintals per hectare, the yield in Japan has averaged 33 quintals

and that of the United States 19.6 quintals. (*Report of the General Fascist Confederation of Italian Industries*, May 1926.)

SOCIAL AND LABOUR CONDITIONS

Transformation of the Trade Unions.—A most important step in the organisation of social relationship in Italy was taken on May 18 last, when the Cabinet approved the new Trade Union regulations. By this new measure, fully reported in the *Corriere della Sera* of May 19, the possibility is excluded of any usurpation of power or any aggression detrimental to the public weal on the part of social groups or classes or of individuals. Public power becomes the exclusive prerogative of the State. The interests of the different groups or classes or of individuals such as masters are consolidated into a single interest, which in turn is identified with that of the State. The measure represents a masterly endeavour to bring together capital and labour in a spirit of unity and thus eliminate the disastrous trade and industrial conflicts. The State co-ordinates and controls for the benefit of the nation at large the production and the distribution of national wealth, favouring neither capital nor labour. The former class bases are removed; as the regulator of national production the Government is obliged to give equal attention to the interests of workers and employers and to the protection of both; if the Government fails to do this and shows partisanship to any one particular interest the new structure of the Trade Union organisation must consequently break down and the Government's social policy accordingly crumble to pieces.

The new regulations provide for the establishment of fifteen national Trade Union federations, with the object of embracing all branches of commercial and industrial activity in the country. The federations are divided into three groups, one for the employees, one for the employers and one for members of the liberal professions, including craftsmen, this last group being designated as "free activities." The employees' and the employers' groups are each subdivided into six smaller categories, viz. industrial, commercial, agricultural, banking, land transport, and sea transport. The entire organisation comes under the control of the newly created Ministry of Corporations.

In his speech on the adoption of these new regulations Signor Mussolini referred to the change as the first constructive revolution in history. The creation of the fifteen great federations all on an equal footing represented the introduction of a powerful and peaceful system operating for the general welfare of the country as well

of that of the various groups engaged in economic activities. A new order had begun; the nation would become a solid entity of political, economic and moral energy, incapable of being split by inter-antagonistic elements.

LITHUANIA

POLITICAL AND GENERAL

Result of the Elections.—The late Nationalist Government Party have encountered a severe defeat and have been reduced to a minority. Instead of 43 seats they have only retained 29, the Christian Democrats hold 14, the Farmers' Union 11, and the Workers' Federation 4. The Opposition parties have secured 50 seats, the People's Socialists having increased theirs from 15 to 21 and the Social Democrats theirs from 8 to 17. All the minorities have lost seats, to the advantage mostly of the Social Democrats.

In the Memel District 58,600 votes were registered as compared with 64,600 at the former German Landtag elections. Not a single Greater Lithuanian has been elected to the Seim from this district. Three of the 5 representatives belong to the Memel Agricultural Party and 2 to the Memel People's Party. This shows plainly that the Greater Lithuania theory is far from having prevailed in the Memel Territory. The only result is a tendency to divide Memel into two camps, Lithuanians and Germans. The representatives of Memel will speak for the guaranteed rights of the Territory in the Seim, and it will remain to be seen whether the new Government Coalition will be better for the political reputation and credit of Lithuania than the former one. (*Frankfurter Zeitung*, May 21.)

Economic Conditions in the Memel Territory.—The relations between Lithuania and the Territory of Memel have not as yet shown any improvement since the constitution of the new Directorate. One of the most serious causes of friction between Kovno and Memel is the financial contribution which the Lithuanian Government pledged itself to make to the Territory of Memel according to the Memel Agreement. In spite of the urgency of this question no agreement has been arrived at with regard to the Memel District's share in the State revenues from Customs and Excise, and Memel has now lodged a complaint with the League of Nations on account of the breach of the Agreement. Until the contribution question is settled there can be no question of a regular Budget for the Memel Territory. In the meantime the Directorate has decided to enforce the strictest economy, and above all refuses to consider any but the most urgently necessary expenditure. Under the present circumstances there can of course be no thought of new construction; indeed it will be difficult enough to maintain what already exists and complete what has been begun.

The economic situation in the Memel Territory is not exactly favourable, though it appears far better than that of Lithuania. Agriculture is not much in debt, the estimated taxes come in fairly regularly, but the farmers are almost without exception unable to get credit. Industry in the Memel Territory has far greater difficulties to contend with, as is unmistakably shown in the numerous cases of failure. Once so flourishing, with its extensive wealth of timber and its well developed saw-mills industry, Memel is now condemned to complete stagnation. Timber stocks are scanty and the forests severely depleted owing to over-felling. The timber export through the port of Memel has consequently largely fallen off, and a slight spasmodic revival is only noticeable when Lithuania, in the interests of her trade balance, finds herself temporarily compelled to increase her sales of timber. The desirability of obtaining supplies for the sawing industry from the Soviet Russian forests is therefore once more being considered. In virtue of agreements which have recently been concluded with the Soviet Government, Lithuania expects from Russia, in fulfilment of the Russo-Lithuanian peace treaty,

felling concessions to the extent of 1.2 million cubic metres, with the idea of floating the timber down the Niemen. There is, however, no definite hope of any stimulation of this traffic on the Memel river so long as the Polish timber export remains subject to restrictions. Although theoretically, according to the regulations laid down by the Lithuanian Government for the floating of transit timber on the Niemen, transit is free to all interested States, practical work is obstructed for Poland by Lithuania's requirement that timber-floaters must obtain the Lithuanian visa, as diplomatic relations between the two countries are at present broken off. Nor is the visa question the only hindrance, as even greater difficulties arise from the yet unsettled railway situation. Without simultaneous settlement of railway traffic from and to Memel Territory or in transit through the country, the resumption of timber-floating on the Memel to the extent desired by the Government is a sheer impossibility. It is therefore feared that the new regulations will meet with the same fate as those of last year, and this chiefly at the expense of the economic conditions in the Memel Territory.

Fresh hardships and annoyance have been caused to the Memel district through the introduction of compulsory sealing of imported tea, chocolate, scent, various leather articles, and textiles. This reactionary innovation, which is still in force in the other districts of Lithuania and was originally adopted in accordance with a system prevailing in Russia, has been extended by an order of the Minister of Finance to the Memel Territory, with a view to uniformity in the Customs system. According to this Order all such goods found in commercial circulation must be submitted to the Customs authorities for stamping, otherwise they will be treated as contraband and confiscated. This Order has naturally provoked great indignation in the Memel Territory, and large protest meetings have been held at which the action of the Minister was subjected to sharp criticism. All protests have so far been ignored, and it is doubtful whether the Lithuanian Government will be sufficiently far-seeing to postpone the introduction of the sealing regulations, or at least abate to some extent the full rigour of the Customs regulations in regard to stamping fees, which represent a heavy financial burden for Memel merchants who are in possession of large quantities of imported goods. (*Wirtschaftsdienst*, No. 17.)

FINANCE

Effect of the Economic Crisis on the Financial Situation.—The economic crisis, which has recently developed fatal tendencies in Lithuania, has led the Government to abolish the turnover tax as from January 1, 1926.

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This tax represented so heavy a burden on trade that the commercial organisations of Lithuania, together with the Chamber of Commerce, repeatedly pointed out its insupportable nature, and finally succeeded in bringing pressure to bear on the legislative body. It is to be hoped that release from the payment of 1.2 per cent. to the Exchequer may have some effect in reviving trade, but for the present no direct results can be felt, as the greater proportion of merchants and manufacturers have not yet paid their turnover tax for the past year.

There is some sign of recovery in the money market, though so far it is very slight. The last report of the Bank of Issue shows an increase in the net circulation of about Lits10 million (according to official statistics the present monetary circulation amounts to Lits90 million). This increase, however, is not confirmed in the trade of the country, although the export of flax, vetch, linseed and other Lithuanian grain has recently increased. Lithuanian commerce and industry is still in great need of credit, and the same may be said of agriculture. Lithuanian emigration to Brazil, chiefly from the agricultural population, assumed such proportions that the Government was forced to take measures to restrict it. It is still possible, nevertheless, to find small farms selling for far less than their actual value.

The necessity for a loan is fully admitted, but the possibilities of raising one are very small, and no measures can be taken before the result of the election is known. The Christian Democratic Government has long vainly endeavoured to procure a foreign loan. One of the chief reasons for its non-success is to be found in the fact that the Cabinet did not always represent the wishes of the country, and often acted in opposition to the interests of the merchants. Liberal circles in Lithuania and the minority parties were strongly opposed to the Government, and such a state of affairs in a young country like Lithuania entails loss of confidence abroad, all the more so as the number of her foreign trade agreements is very small and her economic relations with other countries but little developed. (*Rigasche Rundschau*, No. 88.)

TRADE

Foreign Trade Agreements.—Negotiations for a trade agreement with Latvia are still pending. It appears that an understanding will be arrived at between the two countries whereby Lithuania will obtain facilities for duty-free import into Latvia of her agricultural products, while Latvia will be compensated by the application of the minimum tariff to a number of her industrial products. The negotiations with Russia are dragging on. The visit of the Lithuanian delegates to Soviet Russia did not fulfil expectations with regard to facilities for the export of Lithuanian industrial articles to the Soviet Republic.

The German-Lithuanian trade agreement, which has at length been ratified, ensures most favoured nation treatment to each of the contracting countries. All import, export and transit prohibitions hitherto in force are hereby abolished on both sides. The most favoured nation clause applies particularly (1) to the amount, levying and enforcement of import and export duty on industrial and agricultural products; (2) to the issue and application of export, import and transit prohibitions; (3) to transit, re-export and warehousing by Customs authorities; (4) to the regulation of local fees; (5) to Customs formalities; (6) to the transport of persons and goods by land, sea and air; (7) to the protection of rights such as patents and copyrights. The Lithuanian Government has undertaken not to apply a higher duty to the export of paper timber than to that of mining timber, nor to increase the export duties on round, cut, mining or paper timber during the nine months following the coming into force of the treaty. Special regulations are to be applied to land and sea traffic. In connection with the ratification of this agreement it may be pointed out that the Lithuanian Minister of Finance has issued an Order raising the

Customs duties by 30 per cent. for the goods of all countries with whom no trade agreements exist. This increase in the tariff will, therefore, not apply to Germany. (*Rigasche Rundschau*, No. 88; *Wirtschaftsdienst*, No. 17; *Hamburger Fremdenblatt*, May 6.)

AGRICULTURE

The Timber Problem.—The Minister of Agriculture, M. Krupavicius, reviewing the timber question in the columns of *Lietuva*, points out that large forest areas in Lithuania were destroyed as the result of the war. The Germans alone during their three years' occupation of the country cleared entirely some 42,000 hectares and partially 54,000 hectares. The present day forest area of Lithuania comprises 887,290 hectares, of which 861,572 are State-owned and 25,718 privately. If arable land, meadows, marshes, etc., are deducted, it will be found that the actual forests occupy only about 780,000 hectares, or approximately one-sixth of the area of the country. The forest area, therefore, is comparatively small and great care should be taken to guard against undue depletion.

As forest growth renews itself approximately every hundred years, not more than one hundredth part, or 7,800 hectares should be felled annually. Owing to special circumstances, such as the agrarian reform, the splitting up of villages into separate settlements, grants to war sufferers, etc., this proportion of timber is hardly sufficient. It is estimated that during the next decade Lithuania will have to erect 450,000 new houses, or 45,000 houses annually. Taking into consideration that an average hectare of timber provides material for three houses, 15,000 hectares of timber would have to be felled for the erection of these houses alone. In addition to this allowance must be made for timber required for tools, firewood, industrial and special purposes, to the extent of about 7,000 hectares a year. In order to satisfy the total needs of the country, it would be necessary to cut down about 22,000 hectares annually, so that the demand is about three times as great as the supply. A way out of the difficulty would be to construct houses of fireproof material, and the Government has already made arrangements to start doing so this year, when several model houses will be built in each district. (*Elta Agency Bulletin*, No. 8.)

RUMANIA

POLITICAL AND GENERAL

The General Election.—Soon after taking over the reins of Government General Averescu arranged for the holding of the general election, but not before the new Electoral Bill had been passed and had come into force. This new Act, which was introduced immediately after the municipal elections, is undoubtedly of great advantage to the party in power, since it provides that the Government shall be assured of a big majority if it can secure 40 per cent. of the total votes cast. In actual practice it appears that if the Government can obtain 40 per cent. of the total votes it automatically receives an additional 30 per cent., so that the Government will rarely be without the apparent support of three-quarters of the electorate. In the elections just held the Government party received about 65 per cent. of the total votes cast, which resulted, by virtue of the new Act, in its being credited with about 300 out of the 387 seats. The election itself cannot perhaps be regarded as faithfully reflecting public opinion, since it is doubtful whether more than 55 per cent. of the total electorate took the trouble to go to the poll. From reports in the various Balkan journals it appears that the outstanding feature of the election was a general lack of interest. It is reported, too, that an ex-Liberal Minister and the whole of his candidates were arrested during the campaign and thus prevented from taking any further share in the elections.

The few seats left to the Opposition bloc were secured

mainly by the coalition of the Nationalists and Agrarians, the Liberal party, the Anti-Semitic Race Protectors and the Socialists. The Communist party fared very badly throughout, obtaining in all only a few odd votes. The poor results achieved by this party is an expression of the reaction against the Soviet intrigues in Rumania, which have of late aroused considerable resentment among the people generally.

The great success of the Government was due to several factors in addition to the assistance of the new Electoral Act. In the first place the improved position of the currency undoubtedly reacted favourably for the Government candidates. The Liberals left office at the moment when the adverse balance of foreign trade had touched its maximum for the present year; the precipitate announcement of a heavy increase in the import duties caused merchants to order large stocks from abroad in advance of their actual requirements, with the result that there was an extraordinary run on foreign bills to effect cover for the purchases. At the same time speculative operations were proceeding on the foreign bourses against the leu. All these conditions contributed to bring about a rapid depreciation of the currency. The Government of General Averescu at once took these matters energetically in hand; the export duties were considerably modified and the exportation of grain especially encouraged in order to draw fresh foreign bills into the country, while the heavy Customs tariff introduced by the Liberals was drastically trimmed and reduced. Furthermore, measures were at once adopted to support the leu, a notable example being the negotiation of a L.200 mill. loan in Italy. The leu improved, and the Government reaped its reward in the additional support of the industrial and economic circles.

FINANCE

The Currency Problem.—The continuous decline of the leu since January until quite recently caused considerable anxiety not only in the higher financial and economic circles of Rumania, but also among the export and import merchants. Fluctuations in the leu quotations during the first few months made steady business well-nigh impossible. On January 1 last the £ was quoted at 580 lei and on March 26 at 1,180 lei; the \$ at 130 and 272 lei respectively; the Swiss franc at 27.50 and 46.75 lei; and the lira at 5.90 and 9.78 lei. At the end of the first week of May the £ sterling reached the figure of 1,385 lei. The immediate cause of this unsatisfactory state of affairs, says the *Central European Observer* of May 7, was reported to be the stoppage of export through the Danube ports on account of the Sulina bar having been blocked by an accumulation of silt. No steamer drawing more than 14 feet could enter the canal and many loaded vessels were bottled up in the Danube, unable to pass into the open sea. Other causes, however, contributed to the shortage of foreign bills on the market, the chief being the heavy buying of goods abroad in anticipation of an increase in the Customs tariff. Moreover, many banks, it is stated, anticipating a rise in the leu during April, when the export season begins in earnest, sold foreign exchange ahead and subsequently had to cover at any cost.

After consulting the commercial and banking circles the Government decided to take urgent steps to check the decline in the exchange, which, if allowed to continue, might have seriously threatened the balance of the Budget and the ability to meet the foreign debt payments. The first measure was to revise the export duties so as to stimulate the export trade. The number of fast trains for the transport of cereals, timber and oil has been augmented and the extra freight of 30 per cent. on the railway rates for goods destined for export is being entirely removed. At the same time, in order to increase the carrying capacity of the pipe-line which connects the oilfields with the port of Constantza, a credit of Lei 42 mill. has been granted for the creation

of two more pumping stations, one at Buzeu and the other at Hagieni, and the building of branch pipe-lines. The larger project for the construction of a new pipe-line to Constantza, the cost of which has been estimated at Lei 400 mill., will be taken into consideration at a later date and will form part of the scheme for the reorganisation of railway and water transport.

The *Bursa* of May 9 expresses the opinion that the fall in the leu was not so much the immediate result of the adverse foreign trade balance as of the speculation in the Rumanian currency on certain foreign bourses, notably in Vienna. The Government in conjunction with the National Bank and other banks in Rumania proved, however, equal to the occasion and were able to redeem large amounts of lei that had been drawn abroad. The Government's action and the various measures it has taken have done much to reassure economic circles both at home and in other countries.

In a contribution to the *Mittleuropäische Wirtschaft, Neue Freie Presse* of May 22, Dr. J. F. Köver, the well-known economist of Bucharest, also attributes the improvement in the currency to the prompt action of the new Government. The rapid fall in the leu was, he writes, really the result of the sudden lack of confidence crisis that set in at Bucharest itself. Regarded quite objectively the pessimism on the market, which even the rapid recovery of the leu could not altogether remove, was unfounded. The political horizon was again clear; inland prices developed favourably and afforded no real grounds for panic; and the export prices, taking the export duties into consideration, were about on a level with those of the world market. The demand for foreign bills was very heavy during the last few months, largely on technical grounds, and although considerable volumes of wares were placed on the market, especially in March and April, the requirements of the State and the importers could not be fully satisfied. The continuous rise in the foreign currencies induced holders of such currencies to retain their foreign bills. Purchasers on the other hand became nervous. Thus was the panic developed on both sides. The foreign Bourses blindly responded to and followed the overnight quotations at Bucharest; again the initiative was taken in the Rumanian capital. Fortunately, through the measures adopted by the Government, the leu has now regained approximately the level of exchange that obtained before the rapid fall began. It now remains to eradicate the evil entirely. The real causes are rooted not so much in currency policy as in politico-economic ground; the measures already adopted or projected by the Government are a recognition of this origin of the evil. The loan of 200 million lire which the Government has negotiated will be available as a reserve in case the supply of foreign bills should not prove equal to the current requirements. If the Government's efforts to re-establish a favourable

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balance in foreign trade prove successful an attempt will at length be made to stabilise the currency.

According to the *Mittleuropäische Wirtschaft*, *Neue Freie Presse* of May 29, the Ministry of Finance has issued a circular to all Customhouses prohibiting the exportation of more than 5,000 lei per person travelling abroad without a special permit of the Currency Control Department and the Ministry of Finance. A fortnight previous to this the Government issued, according to the *Argus*, an order forbidding banks and brokers to undertake currency transactions until further notice. Exporters of cereals are obliged, in order to prevent a further drop in the lei, to deposit with authorised banks all foreign bills received for grain exports.

TRADE

The Adverse Foreign Trade Balance in 1925.—

The complete details of the foreign trade of Rumania during the past year are not yet available; the *Mittleuropäische Wirtschaft*, *Neue Freie Presse* of May 15, however, is able to state that the year closed with an adverse balance of approximately one milliard of lei, as against a favourable balance of 1.75 milliard lei in the preceding year. The volume of imports in 1925 exceeded that of exports by approximately 100,000 tons. The adverse balance was considerably reduced by the increased exportation of cereals and maize during the last three months of the year.

The Czechoslovak tobacco monopoly management has recently purchased in Rumania 1.4 mill. kilogrammes of Rumanian tobacco.

Reductions in Export Duties.—Various important modifications in the export duties have recently come into force, the most notable being: For maize the duty has been reduced from 20,000 to 10,000 lei per truckload of 10 tons; for linseed and sunflower seed, from 30,000 to 15,000 lei; for barley, from 12,000 to 10,000 lei; for millet, from 12,000 to 8,000 lei; for charcoal, from 1,000 to 500 lei. For preserved meats, from 6 to 5 lei per kilogramme; for leather, from 10 to 4 lei; for hare and rabbit skins, from 250 to 120 lei; for wool, from 35 to 15 lei; and for woollen fabrics, from 10 to 2 lei. The duty on horned live stock has been reduced from 8,000 to 4,000 lei per head; that on swine, from 1,500 to 600 lei per head; and that on flour, from 15,000 to 7,500 lei per truckload.

Export of Petroleum Products.—The provisional figures of the export of petroleum products during the first three months of the present year, in comparison with the respective totals for the corresponding quarter of 1925, are as follows (in tons):—

	January.	February.	March.	Total
Petrol	—	3	10	13
Benzine	17,709	20,174	16,228	54,111
Lampant	26,657	25,061	33,507	85,225
Motorine	8,580	12,144	7,792	28,516
Mineral oils	17,026	2,521	29,842	49,389
Total	69,972	59,903	87,379	217,254

The total production in the first three months of 1925 was: January, 36,348 tons; February, 41,774 tons; March, 65,761 tons; total for the quarter, 143,883 tons. The total output of benzine for the quarter was 56,503 tons; of lampant, 64,361 tons; of motorine, 13,822 tons; and of mineral oils, 9,197 tons. The production in the first quarter of the present year was thus 73,371 tons in excess of that in the corresponding period of last year. (*Bursa*, May 30.)

AGRICULTURE

Viticulture.—The *Economiste Roumain*, No. 4, contains a long article on the history and present development of viticulture in Rumania by Professor I. C. Teodorescu, Inspector General of Viticultural Instruction. The main features of the present position are set out below.

The important fact that Rumania ranks fourth among

the wine-producing countries of the world is generally overlooked. Its production is exceeded only by France (including Algeria), Italy and Spain. Wines of all qualities are grown, the most famous being those of Cotnar, Magura (near Drasashani), Orevitza and Dealul Mare, which may be considered equal to the vintages of Tokay, Sauternes and Rhine wines. Much of the wine growing is in the hands of monasteries, where endeavours are continuously made to improve the quality and to introduce a superior variety.

According to information collected by the Statistical Department of the Ministry of Agriculture, it appears that in 1925 there were 280,216 hectares planted with vines, of which 143,005 hectares were grafted vines (with American vine) and 137,211 hectares were native vines ungrafted, planted in sand immune from phylloxera, or directly producing hybrid vines. Of the total of 280,216 hectares of vineyards in 1925, 234,993 hectares were productive, while 45,219 hectares grew young vines not yet producing. The following table shows the extent of the vineyards in the different provinces of Rumania according to their importance (in hectares):—

	Grafted vines.	Ungrafted vines.	Total.
Bessarabia	42,103	71,190	113,293
Muntania	19,894	21,870	41,764
Moldavia	21,590	14,039	35,629
Oltenia	13,362	12,971	26,333
Crishana	20,601	4,850	25,451
Banat	8,478	7,105	15,583
Transylvania	12,349	466	12,815
Dobrogea	4,642	4,720	9,344
Bucovina	4	—	4
Total	143,005	137,211	280,216

When organising the taxation of landed proprietors according to their individual declarations the Ministry of Finance discovered that in 1923 there were altogether 423,912 owners of vineyards, representing an aggregate area of 237,221 hectares planted out and subject to tax. From the above figures it would appear that the vineyards were very small and widely distributed. In reality, however, the figures may be explained by the following facts: the greater part of the vineyard area of Rumania belongs to vine growers properly so called, i.e. to those who have no other occupation than the cultivation of their own vines. These properties are generally of from four to ten hectares, a few of from ten to a hundred hectares, while about 80 estates are over 100 hectares in area. The reason that there is such a large number of owners in relation to the area is that since the application of the Agrarian Reform Law the large agricultural estates have been divided among several millions of peasants who were without land, and many of these have planted small vineyards for the use of their own families. All these small vineyards naturally swell the number of owners in relation to the total area. On the other hand, in the 31 wine-growing districts of the country there are only 27,000 owners of vineyards registered with the viticultural syndicates.

According to the official figures published by the Ministry of Agriculture the harvest for the year 1924 from an area of 212,723 hectares of producing vines gave 6,137,353 hectolitres of wine, or 31.9 hectolitres per hectare. From the same source we learn that the 105,085 hectares of ungrafted vines produced only an average of 22.3 hectolitres per hectare, while the 105,648 hectares of grafted vines yielded an average of 33.2 hectolitres per hectare. From the statistics collected by the writer of this article and published in the *Revue Internationale de Renseignements Agricoles* (Vol. III., No. 1) it appears that an average harvest in Rumania from 200,000 hectares of producing vines gives 7,390,000 hectolitres of wine. The rest of the grape production must be reckoned as consumed in a fresh state or preserved for the table.

Owing to the geographical situation of Rumania some parts of the country correspond as to climate with the Mediterranean regions, and other parts with the distinctly Continental climate. The Rumanian vineyards

are accordingly divided into two groups, the wines of which can readily be distinguished by their different consistency, flavour and bouquet. The northern half of the country, where the greater number of vines are found, produces fine white and light wines with a delicate bouquet, sometimes with age becoming sparkling wines. The southern portion of the country, where the vine is characterised by slower growth, the production is smaller but the wines are stronger. This is the land of the table grapes and of the famous red wines.

Of the total annual production of some 7 mill. hectolitres of wine, 25 per cent. is classified as superior wine, 50 per cent. as ordinary table wine, and 25 per cent. as inferior wine for immediate consumption, the latter being mostly consumed by the peasants and not suitable for blending purposes. Owing to the superior demand for white wines the red wines are not produced in such large quantities as formerly. The viticulturists of Rumania have suffered greatly from the various crises during and since the war. The cost of production has risen to about 50 or 60 times that of normal (pre-war) days, but the selling prices of the wines have increased by only 18 or 20 times.

The Sugar Campaign in 1925-26.—The sugar production during the 1925-26 campaign amounted to 115,906,570 kilogrammes, of which 47,761,580 kg. were sold by the end of February, while 68,144,990 kg. were still in hand. The production was distributed among the principal factories as follows (in kilogrammes): Roman, Giurgiu and Saseut, 38.4 mill.; Ripiceni, 12.99 mill.; Chitila, 6.9 mill.; the total for Old Rumania thus amounting to 59.3 mill. kg. For Siebenbürgen the total was 27.5 mill. kg. (Brenndorf, 16.4 mill.; Marosvásárhely, 11.1 mill.); the Bucovina, 27.0 mill. kg. (Kryszczatek, 9.7 mill.; Zucska and Luzan, 17.3 mill.); while Zarojani in Bessarabia produced 3.1 mill. kg. (*Wirtschaftliche Nachrichten*, April 25.)

SPAIN

FINANCE

Treasury Statement on First Half of the Financial Year.—The Audit Office of the Ministry of Finance has just issued the figures of the revenue realised and the expenditure effected during the first six months of the current financial year, i.e. for the period from July to December 1925. The total revenue amounted to Ptas. 1,416.31 mill. and the total expenditure to Ptas. 1,332.83 mill., as compared with Ptas. 1,715.37 mill. and Ptas. 1,322.67 mill. respectively for the corresponding period of the financial year 1924-25. The surplus for this period was therefore Ptas. 83.48 mill., whereas the surplus for the corresponding period of the preceding year was Ptas. 392.70 mill. It should be noted that among the items of revenue there figures the sum of Ptas. 8.25 mill. as extraordinary receipts, of which Ptas. 7.31 mill. represents the reimbursement of advances made to the railway concerns; while under expenditure there is an item of Ptas. 21.26 mill. for extraordinary expenditure, of which Ptas. 19.79 mill. is for advances to the railways and Ptas. 11.37 mill. for grants to deputations.

The returns for the last three months of the first half of the financial year were, it appears, less favourable than those for the previous three months (July to September), which closed with a surplus of Ptas. 148 mill., according to the previous statement of the Ministry of Finance. The balances for the first three months of the four preceding financial years were as follows (in millions of pesetas): 1921-22, surplus 464; 1922-23, deficit 191; 1923-24, deficit 75; 1924-25, surplus 216; 1925-26, surplus 148. (*España Económica y Financiera*, April 24; *El Liberal*, May 28.)

Treasury Receipts March to May.—According to the provisional figures issued by the Ministry of Finance the Treasury receipts collected from all sources during

the month of March totalled Ptas. 254,752,849 as compared with Ptas. 248,369,421 for March 1925, showing an increase of Ptas. 6,383,428. The yield of royal dues, fees, etc., represented an increase of Ptas. 2.7 mill.; Customs, an increase of Ptas. 3.7 mill.; property tax, one of Ptas. 1.4 mill.; and lotteries, one of Ptas. 1.1 mill. The tobacco monopoly fell off to the extent of Ptas. 3.5 mill. and stamp duties by Ptas. 1.5 mill. There was also a decline in the receipts of the industrial taxes and mines, personal bills, the spirit duty and the consumption tax. The remaining categories together realised an increase of Ptas. 1.5 mill. It is interesting to note that the receipts from the provinces showed an increase of Ptas. 21.1 mill., while those of the central office dropped by some Ptas. 5.7 mill.

The revenue from all sources in April amounted to Ptas. 214,873,768 as against Ptas. 206,768,072 in the corresponding month of last year, or an improvement of Ptas. 8,105,696. Stamp duties fell off by Ptas. 2.5 mill. and there was a decrease in the receipts of a few other categories, in the aggregate, however, insignificant. The chief increases were, in respect of profits tax, Ptas. 1.8 mill.; in respect of Customs, Ptas. 1.8 mill.; and in respect of lotteries, Ptas. 1.3 mill.

The aggregate receipts for the first ten months of the current financial year represent an increase of about Ptas. 36.1 mill. as compared with the revenue collected during the corresponding period of the preceding financial year. (*La Epoca*, April 30; *España Económica y Financiera*, April 24, May 22.)

La Nación under date June 1 publishes the following figures relative to the Treasury receipts during the month of May last. The total collected from all sources amounted to Ptas. 242,962,731 as compared with Ptas. 225,666,320 in the corresponding month of 1925, thus showing an increase of Ptas. 17,296,411, of which Ptas. 4,504,839 resulted from the improvement in the returns of Customs duty, the spirit duty and the sugar duty. The provinces accounted for Ptas. 12,121,565 of this total increase and the central offices for the remainder. Forty-one of the provincial districts registered an increase in the receipts collected during the month, and only nine failed to exceed the total collected in May 1925.

Bourse Reaction to Moroccan Events.—The recent favourable turn in the military and political course of events in Morocco caused an immediate reaction upon the rate of exchange and the quotations of public securities on the Bourse. On the day that the fresh offensive of the allied troops was launched against Abd-el-Krim the rate of exchange at Madrid was Ptas. 33.76 to the £ sterling. During the next few days the peseta dropped slightly in value, recovering again to 33.23. When the news of Abd-el-Krim's surrender was confirmed the peseta rapidly improved and closed at 31.88, a more favourable rate than any since May 1923. The rate against the dollar made similar improvement: on May 8 it stood at Ptas. 6.94, and after slight fluctuations strengthened to 6.85 and eventually to 6.54. Public securities, particularly Treasury obligations, also reflected the favourable situation that has developed since May 8, on which date Interior bonds were at 68.90, afterwards moving to 68.75, but rising in response to the news from Morocco to 69.50. (*El Debate*, May 28.)

TRADE

Foreign Trade Returns for 1925.—The Council of National Economy has published the following statistics relating to the foreign trade of Spain in 1925, in comparison with the figures for 1924 and 1923 (in pesetas):—

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Imports.	1925.	1924.	1923.
Live stock ...	24,403,824	14,803,260	32,581,768
Raw materials ...	822,894,160	955,841,063	874,929,116
Manufactured goods ...	970,180,556	1,497,853,053	1,584,397,876
Foodstuffs ...	426,842,476	476,652,218	431,291,937
	244,321,016	2,945,149,594	2,923,200,697
Gold specie and bullion ...	5,213,990	2,146,090	204,710
Silver specie and bullion ...	15,623	123,280	3,152,400
Total ...	2,249,550,629	2,947,418,964	2,926,557,807
Exports.			
Live stock ...	3,376,187	3,639,220	609,158
Raw materials ...	340,727,943	393,390,523	304,045,099
Manufactured goods ...	456,413,950	401,245,505	402,020,461
Foodstuffs ...	780,483,797	992,234,967	819,060,410
	1,581,001,877	1,790,510,215	1,525,735,128
Gold specie and bullion ...	2,485	2,442	29,820
Silver specie and bullion ...	84,287	262,380	591,780
Total ...	1,581,088,649	1,790,775,037	1,526,356,728
Adverse balance (excluding specie and bullion exchanges) ...	663,319,139	1,154,639,379	1,397,465,569
Adverse balance (including specie and bullion exchanges) ...	668,461,980	1,156,643,927	1,400,201,079

The value of the total commercial exchanges in 1925 was Ptas.3,830,639,278, as compared with Ptas.4,452,914,535 in 1923 and Ptas.4,738,194,001 in 1924.

The *España Económica y Financiera* of April 24 gives a list of the quantities of raw materials imported for manufacturing purposes during these three years, the items tabulated below being the main commodities figuring in the list (in tons):—

	1925.	1924.	1923.
Stone and earth for building, arts and industry ...	120,627	104,604	91,079
Coal ...	1,667,090	1,429,883	1,246,007
Gasoline, petrol, lubricants, etc. ...	235,378	201,960	140,926
Minerals ...	414,013	396,083	359,065
Glass and glass-ware ...	5,987	6,111	7,557
Earthenware ...	11,875	11,137	11,633
Timber ...	144,337	116,363	87,088
Hides and skins (untanned) ...	8,082	6,839	7,432
Hides and skins (tanned) ...	484	560	639
Iron and steel (ingots, bars, plates) ...	217,335	203,417	188,836
Copper, bronze and tin ...	5,646	5,008	4,942
Colours, inks and varnishes ...	6,044	5,586	5,249
Sulphur ...	13,160	17,450	18,458
Chemicals (pure) ...	17,801	17,755	15,929
Chemicals (as fertilisers) ...	389,319	413,882	316,012
Oleaginous seeds ...	129,322	107,638	75,955
Pulp for paper-making ...	74,057	98,420	49,500
Other raw materials for paper-making ...	5,359	5,149	4,372
Raw cotton ...	86,685	80,188	83,447
Other raw vegetable tissue ...	35,772	42,085	37,897
Raw wool ...	1,435	1,515	1,850

In respect of the importation of machinery there was a notable decline in internal combustion motors propelled by gas fuel, and an increase in the importation of those consuming liquid fuel, such as Diesel engines. A significant feature reflecting on the situation in the textile industry was the decrease in the quantity of machinery imported for this industry, the figures being (including parts) 39,031 quintals in 1925 as against 42,079 quintals in 1924 and 76,702 quintals in 1923. Certain kinds of agricultural machinery were imported to a larger extent in 1925 than in the two preceding years, but taking this class as a whole there was a marked

diminution, the quantity dropping from 57,329 quintals in 1923 to 53,573 quintals in 1924 and to 47,817 quintals in 1925. There was also a decline in the importation of electrical machinery. Cables and metal wires for the conduction of electricity, electrical apparatus, etc., showed, on the contrary, a marked improvement, the imports moving from 7,854 quintals in 1923 to 6,274 quintals in 1924 and 13,037 quintals in 1925. An evident sign of the progress that is being made in wireless telegraphy and wireless telephony in Spain is the fact that the importation of wireless apparatus totalled 364,743 kilogrammes in 1925, as against 163,279 kilogrammes in 1924 and 107,477 kilogrammes in 1923. The number of motor cars imported was 16,079 in 1925 as against 16,781 in 1924.

There were very considerable decreases registered in the importation of textiles generally. Cotton goods (item 1,115 in the Customs tariff) have dropped from 270,547 quintals in 1923 to 86,308 quintals in 1924 and to but 66,059 quintals in 1925. Jute fabrics and those of other vegetable tissue (item 1,197) have also fallen from 1,870,363 quintals to 496,526 quintals and 472,044 quintals respectively. The decline in woollen fabrics is fairly constant and in 1925 the importation of these goods amounted to only 13,030 quintals, a little more than half of the quantity two years ago. Silk fabrics also showed a falling off.

Foodstuffs showed a tendency to increase. In 1925 there were imported 545,026 tons of cereals and flour, as compared with 300,744 tons in 1924 and 318,105 tons in 1923. Vegetables and kitchen garden produce, fodder and seeds were imported in greater quantities than in preceding years. The value of imported tobacco in 1925 was only Ptas.172,814,850, as against Ptas.410,950,415 in 1924 and Ptas.580,478,094 in 1923.

A full list of the various exports in 1925 is given in the *España Económica y Financiera* of May 1; the leading items are as follows (in tons):—

	1925.	1924.	1923.
Minerals ...	6,019,577	6,245,635	5,219,427
Timber ...	4,778	20,601	18,591
Cork ...	41,100	30,572	27,907
Cork (worked) ...	24,700	21,633	20,820
Hides and skins ...	8,835	13,533	13,409
Iron and steel (ingots) ...	4,374	24,154	4,825
Copper, bronze and tin (not manufactured) ...	26,872	25,347	30,995
Mercury ...	1,312	588	1,447
Lead (not manufactured) ...	105,514	89,840	84,758
Colours, dyes and varnishes ...	6,003	5,567	4,648
Sodium chloride ...	560,646	586,621	465,507
Chemical products (pure and commercial) ...	27,062	27,866	26,699
Spirits of turpentine, resin and vegetable gums ...	17,626	17,716	12,293
Vegetable products other than foodstuffs ...	4,580	5,340	7,092
Paper ...	2,928	3,243	3,795
Textiles of cotton (all cotton mixtures, lace, etc.) ...	3,013.3	2,320.8	2,670.7
Raw wool ...	2,956.7	7,967.5	6,447.3
Fish (fresh, cured, etc.) ...	13,021	11,605	11,925
Vegetables and garden produce ...	233,692	238,435	211,034
Dried fruit ...	75,147	93,792	66,728
Fresh fruit ...	803,873	759,704	545,549
Spices ...	7,972	9,354	7,338
Olive oil ...	51,252	46,128	56,910
Conserves ...	54,460	65,140	46,892
Wines, common (in hectolitres) ...	2,486,189	3,107,511	2,842,850
Wines, fine and sparkling (in hectolitres) ...	411,410	359,891	210,337
Hempen shoes and sandals (in dozens) ...	681,961	557,357	300,644

The Spanish Press in general expresses satisfaction with the reduction in the adverse balance of trade, but

finds little cause for gratification in the decline of exports. In a contribution to *El Debate* (May 9) Señor Emilio Miñana considers that the decrease in the exportation of foodstuffs and beverages is particularly displeasing, since the commodities that come under this heading play a most important part in Spain's foreign trade and represent the results of the most widespread industry in the country. Spain is still essentially agricultural in character and the production of the land should be fostered and encouraged to a greater extent than at present.

AGRICULTURE

The Olive Crop and Olive Oil Output in 1925.—The following official statistics relative to the production of olives and olive oil in Spain during the past year have recently been issued. The area under olive cultivation was 1,679,247 hectares, and it yielded 18,682,383 quintals of olives and 3,275,768 quintals of oil. The distribution of the production according to districts was as follows (in quintals):—

	Olives.		Olive oil.	
Central	...	274,225	...	43,862
Aragon and Rioja	...	452,129	...	92,906
Catalonia	...	978,295	...	178,928
Levant	...	1,117,253	...	177,286
Eastern Andalusia	...	6,668,303	...	1,240,007
Western Andalusia	...	6,282,367	...	999,817
Extremadura	...	1,512,946	...	279,501
La Mancha	...	1,013,628	...	200,787
Old Castile	...	150,037	...	21,610
Leonesa	...	85,018	...	9,153
Galicia	...	1,441	...	258
Pyrenees Cantabria	...	90,983	...	19,041
Balearic Isles	...	54,690	...	12,612
Canary Islands	...	1,068	...	—

The olive crop and the yield of olive oil during the past five years were as follows (in quintals):—

	Olives.		Olive oil.	
1921 ...	15,230,935	2,760,502	1924 ...	17,447,803
1922 ...	15,395,510	2,981,140	1925 ...	18,682,383
1923 ...	16,133,530	2,988,591		3,275,768

(*España Económica y Financiera*, May 15.)

SOCIAL AND LABOUR CONDITIONS

Migration Statistics for the First Quarter.—The *Boletín de la Dirección General de Emigración* publishes the figures of the migratory movements in Spain during the first three months of the present year, as follows:—

	No. of emigrants.	No. of immigrants.	Excess of emigrants over immigrants.
January	3,563	1,336	2,227
February	3,314	1,528	1,786
March	3,617	2,715	902
1st quarter	10,494	5,579	4,915

The movements to and from the different overseas countries were as follows:—

	Emigrants.	Immigrants.	Excess of emigrants (+ immigrants) (—)
Argentina	6,569	2,445	+ 4,124
Cuba	2,296	2,305	— 109
Brazil	607	226	+ 381
Uruguay	585	190	+ 395
Mexico	173	125	+ 48
Chile	52	29	+ 23
United States	23	224	— 201
Venezuela	12	8	+ 4
Panama	11	10	+ 1
Peru	7	13	— 6
Colombia	4	2	+ 2
Ecuador	4	—	+ 4
Puerto Rico	—	1	— 1

The total number of emigrants consisted of 6,502 males and 3,992 females. Classification according to trades or professions gave the following results: agricultural trades, 2,093; industrial workers, 234; commercial employees, 424; liberal professions, 76; various other professions, 504; casual wage earners, 2,325; unclassified (chiefly women and children under 15 years of age), 4,838. Of the total number of emigrants 2,359

were illiterate. To the total must be added 623 persons who emigrated to Gibraltar, 598 representing family groups; among all emigrants there were 1,272 families with an aggregate membership of 4,239 souls. The major part of the emigrants were from the provinces of Pontevedra (1,770), Corunna (1,480), and Orense (1,287); those from other provinces in no instance exceeded 1,000 souls.

As regards the immigrants, 410 returned to Spain through failure to find work abroad, 160 owing to sickness or infirmity, 5 owing to lack of means, 276 for military service, 18 through being expelled from the country whither they had gone, and 4,710 of their own free will.

The figures of the migratory movements to and from France during January and February show that emigrants numbered 1,371 and immigrants 3,482, or an excess of 2,111 immigrants over emigrants. As regard the emigrants to France, 615 were industrial workers and 756 agricultural workers, mostly from the provinces of Avila and Salamanca. (*Imparcial*, May 28.)

The Cost of Living.—The Superior Statistical Bureau has issued the index numbers of prices for the month of March, thus completing the statistics for the first three months of the year. The calculations are based on 74 of the chief articles of consumption for the whole country and on 21 of the chief articles consumed in Madrid and Barcelona. The figures, as reproduced below, show a drop of three points in the general cost of living index number since January.

A.—Foodstuffs—	January.	February.	March.
1. Animal foods	228	231	218
2. Vegetable foods	179	176	172
3. Beverages and miscellaneous	168	161	168
	191	189	185
B.—Industrial materials—			
4. Fuel, gas and electricity	165	167	168
5. Textiles and leather, etc.	203	203	198
6. Metals	174	179	193
7. Building materials	216	219	208
8. Chemical products and miscellaneous	156	156	152
	180	183	182
General index number	186	183	183

The drop in the general index number is due to the lower prices of foodstuffs, the index (A) of which fell from 191 in January to 185 in March, despite the increase in the figure for beverages included in this group. On the other hand the foodstuff index number still remains higher than that of the general prices, while the index number of industrial materials is one point below the general index number, although it has moved up two points since January. (*España Económica y Financiera*, May 8.)

THE ECONOMIST'S BOOKSHELF.

INDIAN FINANCE.

The Financial System of India. By GYAN CHAND, M.A. With a Foreword by the Right Hon. EDWARD HILTON YOUNG, M.P. (London: Kegan Paul, Trench, Trubner & Co., Ltd. Price, 12s. 6d. net.)

A few minutes' consideration of the sums involved in present day national budgets should convince even the least imaginative reader of the gigantic task allotted to those whose duty it is to ensure that the collection and disbursement of these amounts proceeds under the law and with the minimum of waste, friction and duplication. The presentation of accounts of so vast and varied a nature requires an organisation capable of making the nicest adjustments and appreciating the most minute details. The utilisation of temporary surpluses and the financing of short periods when expenditure outruns income demand financial calibre of the highest grade. When the administration of a huge national debt and the management of considerable

government property are added, it will be realised that the financial system of a country must be constructed to deal effectively with matters of as complex a nature as human affairs can well be. Obviously the system must be rigid enough to prevent abuses, anomalies and injustices, and flexible enough to meet sudden changes or even reversals of policy. From the foregoing it should be clear that a comprehensive examination of financial administration cannot be undertaken successfully without the closest research into the functions of numerous departments and the various enactments defining these functions. A clear and accurate account of the workings of this gigantic financial machine must be regarded as a contribution both to the law of the constitution and the theory of public finance. However carefully the authority of the official is defined, circumstances constantly arise which no legislator could envisage. These circumstances frequently necessitate immediate action. Innovation creates precedent. A right understanding of the static legal position of the civil servant must be accompanied by an appreciation of the financial and constitutional developments which are operating continuously to extend and yet to confine the boundaries of his authority, if an analysis of financial administration is to convey to the reader an adequate impression of these gigantic operations.

Hilton Young and other writers have surveyed this ground very thoroughly for Great Britain. In attempting to achieve the same purpose for India Mr. Gyan Chand realises that the difficulties are greater. The present system of government in India places initiative and checks and audits under dual authority and thereby renders the subject more complex. Mr. Chand has mastered all these difficulties. This is due chiefly to his systematic arrangement. After showing the relation between the various authorities, the author has isolated the separate branches of the administration and subjected each part to the most careful analysis and the strictest scrutiny. The untying of numerous Gordian knots is achieved with a facility which shows at once that the equipment of the author is adequate to his task.

In addition to the fascinating descriptions of procedure and co-ordination the book abounds in little comments on the tendency of recent changes and criticisms of methods employed. Without deviating from his subject the author has written a most readable as well as a very informative work.

As the author shows, the Indian system is modelled on the British. Modifications and adjustments have been made to adapt the careful British methods to more difficult conditions. Unfortunately control and supervision of expenditure is not so strict. The estimates prepared by the officials of the spending departments have not to run the gauntlet of such rigid Treasury criticism, nor are the officials so rigorously called to account where the expenditure exceeds the estimate. This is partly due to the fact that the Finance Department works directly under the Secretary of State. The combination of account and audit duties is an important subsidiary factor. Another serious defect is that all the revenue items are not brought into account. The expenditure of revenue as collected may be convenient, especially in areas where communications leave much to be desired, but it weakens the control of the central authority. Convenience can be too dearly bought.

In his conclusion Mr. Chand is apt to stress too much the defects of the system. The reader who is familiar with American and European systems will consider that the Indian system works on the whole quite smoothly.

An outburst of political zeal such as we have witnessed recently in India inevitably embodies itself in demands for reforms of every kind except financial. Progress especially of the visionary and Utopian kind reveals itself in increased expenditure. Recently published accounts demonstrate that India has avoided to a great extent the pitfalls peculiar to peoples exuberantly conscious of their growing nationhood.

The financial system which emerges unscathed from the war and the post-war difficulties through which India has passed must be sound in principle. A general tightening up of control and the complete separation of audit and account would remove the most glaring defects. The financial system must be adjusted to the political conditions of this country. More responsibility must be thrown upon the legislature as it requires greater authority. Mr. Chand has provided material for financial reformers to work upon. He has disentangled a complex organisation and thrown the light of accurate scholarship and searching analysis upon the vital parts. No one who has any pretensions to the understanding of the Indian financial system can afford to neglect his book. Students of public finance and intelligent readers will appreciate the outstanding merits of its arrangement and composition. Seldom does one find so difficult a subject handled in so masterly a manner.

D. M. SANDRAL.

COMPANY MEETINGS.

BRITISH ELECTRIC TRACTION COMPANY.

DIVIDEND OF 8 PER CENT.

The thirtieth ordinary general meeting of the British Electric Traction Company Ltd. was held on the 11th inst. at the Holborn Restaurant, W.C.

Mr. J. S. Austen (the chairman) said that the result of the working of the company for the past year was that they had earned £14,000 more than in the previous year, and were able to recommend the payment of 8 per cent. on the Ordinary stock as against 7 per cent. He was pleased to say that that was the fourth consecutive year in which they had been able to raise the dividend by one per cent.; it meant that they were paying in dividends at the present time over £50,000 more than they were paying four years ago. He thought that result was satisfactory. Early last year they became aware that they were not going to get any dividends upon their holding in the Scottish General Transport Company. In the previous year they had received between £11,000 and £12,000 from that source, so that the prospective loss was a serious one. Not only had they made good that loss, but they had also made the increase of £14,000.

After payment of 8 per cent. on their Ordinary stock they were able to add about £22,500 to their undivided profits account, making that account practically £300,000. That brought him to the question of the undivided profits. That £300,000 represented the accumulation of surplus profits which might have been distributed among the Ordinary stockholders, but were, in fact, retained by the company. There were many stockholders who would like to have a stock bonus. They must be careful, however, that they did not infringe the rights of the holders of the Preference stock. They were entitled to a dividend of 6 per cent., and then the Ordinary stockholders received 8 per cent., after which they shared equally until the Preference had received 8 per cent., after which the latter had no further participation. The scheme would be to turn the Ordinary stock into an 8 per cent. Ordinary stock—that was that the dividend on the Ordinary stock would be limited to 8 per cent.—and then to give to the Ordinary stockholders some Deferred stock which would receive everything over 8 per cent. which the Ordinary stock was now entitled to receive. That was the scheme which the directors had in mind, and they would put it before the shareholders as soon as they found themselves in a position to make an extra distribution. He hoped that, if they were not able to make a definite announcement at this time next year, they would be able to indicate a fairly close date at which they would be able to do it.

The report and accounts were unanimously adopted.

STATISTICAL SECTION

THE TRADE BAROMETER

Our weekly index is composed of quotations for the ten following commodities :—

- | | | | | |
|--------------|-----------------|------------|-----------|------------|
| 1. Pig iron. | 3. Coal. | 5. Cotton. | 7. Hides. | 9. Bacon. |
| 2. Tin. | 4. Linseed Oil. | 6. Wool. | 8. Wheat. | 10. Sugar. |

Table I. shows the movements of our ten commodities in the aggregate, and Table II. the movements of each of them in relation to the others. We have chosen December 30, 1921, as our base, the price of each commodity on that day being represented by 100 (at a time when the index in Table I. stood at 150). For a full explanation of our index number see THE ECONOMIC REVIEW, Aug. 29, 1924, page 194.

TABLE I.

Date 1920.	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average	Date	10 Com- modities	Bd. of Tde Monthly Average
Jan. 16	367.9	296.6	1923			Apr. 18	177.5	164.7	July 17	160.3	157.5
May 14	391.2	325.5	Jan. 12	162.8	157.0	May 16	171.2	163.7	Aug. 14	158.6	157.0
July 16	418.8	316.9	Feb. 16	177.2	157.5	June 20	167.8	162.6	Sept. 18	158.3	156.0
Dec. 17	257.0	263.8	Mar. 16	192.4	160.3	July 18	167.1	162.6	Oct. 16	154.1	154.8
1921			Apr. 20	198.5	162.0	Aug. 15	175.3	165.2	Nov. 13	153.2	153.7
Jan. 14	244.2	245.9	May 18	198.1	159.8	Sept. 19	167.9	166.9	Dec. 18	153.0	153.2
Apr. 15	202.8	204.8	June 15	190.0	159.3	Oct. 17	172.5	170.2	1926		
July 15	194.4	194.1	July 20	177.3	156.5	Nov. 14	173.3	169.8	Jan. 15	151.6	151.3
Oct. 14	170.2	180.7	Aug. 17	174.6	154.5	Dec. 12	171.7	170.1	Feb. 12	148.4	148.8
Dec. 16	153.2	167.9	Sept. 14	173.2	157.8	1925			Mar. 12	146.1	144.4
Dec. 30	150.0		Oct. 19	166.0	158.1	Jan. 16	174.8	171.0	April 16	148.1	143.6
1922			Nov. 16	171.7	160.8	Feb. 13	175.2	168.9	May 21	150.2	144.9
Jan. 20	144.0	164.0	Dec. 14	177.0	163.4	Mar. 13	172.8	166.3	June 4	150.2	
May 19	162.1	160.6	1924			Apl. 17	161.9	162.5	" 11	151.4	
July 14	165.1	160.3	Jan. 18	178.6	165.4	May 15	158.7	159.0			
Sept. 15	161.2	154.3	Feb. 15	187.9	167.0	June 19	160.6	157.6			
Dec. 15	161.2	155.8	Mar. 14	182.1	165.4						

TABLE II.

Date	Pig iron.	Tin.	Coal.	Linseed Oil.	Cotton.	Wool.	Hides.	Wheat.	Bacon.	Sugar.	Mean.	Date.
Dec. 30, 1921	100	100	100	100	100	100	100	100	100	100	100	Dec. 30, 1921
1922												1922
July 28 ...	92.9	94.5	97.2	157.9	110.1	111.1	97.1	119.0	116.5	119.2	111.15	... July 28
Sept. 29 ...	94.3	95.2	92.9	135.1	105.9	117.8	96.4	82.8	104.0	134.6	105.90	... Sept 29
Nov. 3 ...	95.5	107.5	100.0	140.3	119.9	133.3	106.5	91.9	104.8	134.6	113.43	... Nov. 3
Dec. 29 ...	89.4	106.7	91.5	138.6	126.0	120.0	93.5	90.4	89.7	138.5	108.43	... Dec. 29
1923.												1923
May 18 ...	110.8	117.9	128.3	166.7	120.2	137.8	102.9	102.7	91.2	242.3	132.08	... May 18
Oct. 12 ...	93.4	117.1	90.6	150.9	136.4	126.7	84.8	83.0	66.2	145.9*	109.50	... Oct. 12
Nov. 16 ...	97.2	127.4	97.2	149.1	165.8	128.9	87.0	86.2	73.5	132.7	114.50	... Nov. 16
1924.												1924
Feb. 15 ...	96.7	163.4	96.2	171.9	159.6	151.1	91.3	100.4	65.8	156.1	125.25	... Feb. 15
July 11 ...	89.6	128.9	74.5	140.4	140.6	142.2	92.8	111.5	80.9	101.4	110.28	... July 11
1925												1925
Feb. 27 ...	84.0	153.8	69.8	178.9	116.0	160.0	95.7	128.9	88.6	95.3*	117.10	... Feb. 27
Oct. 30 ...	74.5	171.2	59.4	131.6	90.7	115.6	108.7	97.2	94.9	70.6	101.44	... Oct. 30
1926												1926
Feb. 5 ...	72.2	165.2	63.2	114.0	92.2	102.2	100.0	114.6	94.1	78.8	99.65	... Feb. 5
Mar. 26 ...	72.2	165.7	60.4	108.8	87.7	102.2	92.8	108.3	97.1	72.9	96.81	... Mar. 26
May 21 ...	71.7	161.5	60.4†	108.8	89.8	109.4	87.0	124.9	105.9	81.8	100.12	... May 21
" 28 ...	71.7	161.4	60.4†	104.4	90.3	109.4	87.0	128.9	103.7	81.2	99.84	... " 28
June 4 ...	71.7	159.7	60.4†	108.8	89.4	109.4	88.4	128.9	105.9	78.8	100.14	... June 4
" 11 ...	73.6	158.6	60.4†	115.8	88.7	109.4	89.9	128.0	105.9	78.8	100.91	... " 11

† Nominal.

* Revised Quotation.

SECURITY PRICES.

The following table shows the course of prices for a representative number of industrial stocks and long dated railroad bonds in New York, for twenty representative industrial ordinary stocks in London, and for a selected number of long-dated British Government securities. The prices of the last-named have been averaged exclusive of accrued interest. In all cases the price at December 30, 1921, is taken as 100. Significant maximum figures are shown in heavy type and minimum figures in italics.

IN NEW YORK.				IN LONDON.		IN NEW YORK.				IN LONDON.	
Week ending.	Indus- trials.	Bonds.*		Indus- trials.	Gilt edged.	Week ending.	Indus- trials.	Bonds.*		Indus- trials.	Gilt edged.
1920, Jan. 1	128.5	94.1		172.4	99.7	1925, Jan. 3	150.7	101.6		133.8	117.5
1921, Jan. 1	89.9	89.0		116.3	88.6	" 17	151.8	101.9		137.8	117.5
Aug. 20	80.3	90.4		105.4	93.3	June 6	158.2	105.3		128.0	115.3
Oct. 29	91.1	92.0		91.7	94.4	" 27	160.0	104.7		123.7	113.0
1922, Jan. 1	100.0	100.0		100.0	100.0	July 18	165.9	103.2		120.4	115.5
May 13	114.6	102.4		114.9	117.9	Aug. 1	165.8	101.5		122.2	115.7
Sept. 16	123.8	107.6		115.2	112.5	" 22	176.2	102.5		126.3	117.3
Oct. 7	123.9	106.1		113.3	111.7	Nov. 7	195.4	102.7		134.1	114.7
1923, Jan. 1	121.7	102.5		119.5	113.3	Dec. 19	188.9	103.3		130.6	112.8
Mar. 17	129.2	98.5		129.3	117.0	1926, Jan. 2	195.5	103.6		133.3	113.0
" 24	127.3	97.8		129.0	118.1	" 9	196.1	103.6		135.1	113.1
Apr. 28	124.1	99.3		137.9	122.8	Feb. 13	199.9	104.9		132.0	114.8
June 9	119.7	100.8		130.6	123.5	Apr. 17	168.7	106.9		121.8	113.3
Oct. 27	105.7	99.7		126.5	119.7	May 1	176.8	107.6		122.6	114.7
1924, Jan. 1	117.4	98.4		121.3	114.5	" 8	172.9	107.2		119.5	112.5
" 19	119.1	100.1		119.1	112.2	" 29	176.9	107.2		126.4	114.7
June 21	115.3	103.3		118.2	118.0	June 5	179.2	107.1		126.3	114.6
Nov. 8	130.1	103.7		133.7	120.4	" 11	182.6	106.9		126.4	114.1

* Prices supplied by Messrs. Bernhard Scholle & Co., Ltd.

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